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ABSTRACTS

Rational Hegemons, Excludable Goods, and Small Groups: an epitaph for hegemonic stability theory?

By J. GOWA

In defining international free trade as a public good, "hegemonic stability theory" posited early in the 1970s that its reliable supply depended upon a distribution of international power analogous to that within a privileged group. More recently, however, critics have challenged three assumptions fundamental to hegemonic theory: its premises of free trade, public goods, and privileged groups. They have concluded that hegemony is not necessary for, and indeed may be antithetical to, a stable world economy based on market exchange.

The author argues that the critics overstate their case. The assumptions they attack allow hegemonic theory to represent analytically several critically important barriers to free trade among states. Among these are the existence of strategic interdependence among the actors and the prevalence of informational asymmetries. The most significant flaw in hegemonic theory is its neglect of the essence of the domain to which it applies: the politics of inter-state trade in an anarchic world.

The Politics of Backwardness in Continental Europe, 1780-1945

By A. C. JANOS

Between the late eighteenth century and 1945, the economic and political differentiation of the European continent has followed a neatly regressive geographical pattern. The origin of this pattern goes back to the agricultural revolutions of the early modern age, and to the diffusion of agricultural technology along the Northwest-Southeast axis. It was subsequently reproduced by both market and political forces operating within the context of material aspirations, themselves the product of the economic revolutions of the Northwest. The experience suggests a potential model for peripheral societies in the Third World, though the relevance of the historical analogy may be limited by currently unfolding changes in the nature of technology and in the terms of exchange between core and peripheral regions in the contemporary world.

Peasant-State Relations and the Social Base of Self-help in Kenya

By J. D. BARKAN and F. HOLMQUIST

Peasant-state relations in developing countries are often a function of the nature and extent of stratification in peasant populations. Where there is a rigid class structure, the prospects for cooperation by members of the peasantry are low, and large landowners tend to ally themselves with the state to exploit the rural poor. Where, on the other hand, the nature of rural stratification is ambiguous, "small" and "middle" peasants are able to organize themselves for collective action and to bargain effectively for state aid to their communities. The hypothesis is confirmed using survey data about the nature of peasant participation in the Harambee self-help development movement in rural Kenya. Effective peasant-state bargaining in Kenya has in turn contributed to the legitimacy of the Kenyan political system.

The Political Economy of American Strategy

By A. L. FRIEDBERG

Recent discussions whether or not the United States is strategically "overextended" raise two important questions. First, to what extent can the fiscal and industrial difficulties of the last several decades be attributed to the comparatively high military budgets of the post-1945 period? Second, can the United States continue to maintain something resembling its postwar strategic posture without doing itself grievous economic harm? Although the issue remains open, defense spending would appear to bear only a small part of the responsibility for present

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U.S. economic problems. As to the future, the question is not so much whether the burden of an extended posture *can* be borne as whether it *should* be borne, and *who*, precisely, should bear it. These are political issues: they are conditioned but not determined by economic factors.

Beyond the State:

civil society and associational life in africa

By M. BRATTON

The current scholarly preoccupation with the state may obscure more than it reveals for students of politics in sub-Saharan Africa. The weakly formed state in Africa—beset by decline in economic production and political authority—is now retreating from overambitious attempts at social transformation. The time is therefore ripe for societal actors to play an enhanced role in political change. This article reviews the current literature on state-society relations in Africa with particular emphasis on the nature of African associational life and the extent to which it is taking on a politically organized form as an identifiable civil society. The author proposes a theoretical framework and research agenda that takes account of the capacity of either state or societal actors to exercise a range of options to engage or disengage.

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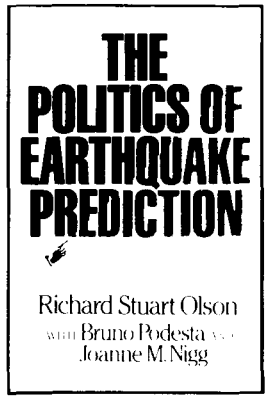

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RATIONAL HEGEMONS, EXCLUDABLE GOODS, AND SMALL GROUPS: An Epitaph for Hegemonic Stability Theory?

By JOANNE GOWA*

THE political correlates of a stable world market economy remain unclear. Early in the 1970s, a burst of scholarly interest in this subject produced what at the time appeared to be a compelling thesis: the world was safe from tariff wars and great depressions only if a single state or hegemonic power dominated the international political system. Defining international free trade as a public good, "hegemonic stability theory" concluded that its reliable supply depended upon a distribution of international power analogous to that within a privileged group.

In relatively short order, however, critics challenged three assumptions fundamental to hegemonic theory. They argued that: (1) rational hegemons, according to standard international trade theory, adopt an optimum tariff rather than free trade; (2) small groups, as public-good theory itself claims, are close substitutes for privileged groups; and (3) the provision of open international markets implies the supply of excludable rather than public goods. Thus, they concluded, hegemony is not necessary for, and indeed may be antithetical to, a stable world economy based on market exchange.

The potential power of these criticisms is considerable: a persuasive argument on their behalf would destroy the analytic foundations of a theory that is already the target of attack on empirical grounds.[1] In this paper I

* The first version of this paper was presented at the Conference on Blending Political and Economic Analysis of International Trade Policies, University of Southern California, March 1987. I am grateful to participants at that conference for comments, particularly Jeff Frieden, Stephan Haggard, Stephen Marks, John S. Odell, J. David Richardson, and Thomas D. Willett. I am also grateful to Benjamin J. Cohen, Youssef Cohen, John A. C. Conybeare, Avery Goldstein, Richard J. Herring, Robert O. Keohane, Timothy J. McKeown, and Kenneth A. Oye for comments on later versions of the paper.

[1] Timothy James McKeown, "The Rise and Decline of the Open Trading Regime of the Nineteenth Century," Ph.D. diss., Stanford University, 1982; McKeown, "Hegemonic Sta-

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argue, however, that these attacks are not fatal to the theory: on economic grounds alone, a *nonmyopic* rational hegemon may reject an optimum tariff; exclusion from a free-trade accord is itself a public good; and hegemons enjoy a clear advantage relative to small groups with respect to the supply of international public goods. Strategic interdependence, incomplete information, and barriers to "k" group formation are the core elements of the argument presented here.

I conclude that the most significant flaw in hegemonic theory is its neglect of the essence of the domain to which it applies: the politics of interstate trade in an anarchic world. Because the security externalities that inevitably accompany the removal of trade barriers can shift the balance of power among states, any analytic representation of international free trade must model these effects explicitly. In short, hegemonic stability theory must include security as an argument in the utility functions it assigns to states opening their borders to trade.

Several important limitations of this analysis should be stated at the outset. Because the public-good variant of hegemonic theory is cast at the systemic level, this paper also focuses exclusively on the incentives to trade freely that arise at the level of the international system. As a result, it does not consider the influence of domestic factors on the pursuit of these incentives: neither the organization of domestic exchange via hierarchies instead of markets nor the role of special interest groups, for example, is considered.[2]

The argument also assumes as given the conditions under which standard international trade theory applies, and the paper contains only illustrative rather than systematic empirical referents.[3] These restrictions are appropriate in view of the essay's objectives: (1) to demonstrate that the assumptions about rational hegemons, public goods, and privileged groups actually allow hegemonic stability theory to represent analytically several critically important barriers to free trade among states, and (2) to make clear that any theory of international trade in an anarchic world must explicitly model its security externalities.

After a brief explanation of hegemonic stability theory, a careful review of the arguments of its most persuasive critics is presented. The pa-

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bility Theory and 19th-Century Tariff Levels in Europe," *International Organization* 37 (Winter 1983), 73-91; John A. C. Conybeare, "Tariff Protection in Developed and Developing Countries," *International Organization* 37 (Summer 1983), 441-68.

[2] John Gerard Ruggie, "International Regimes, Transactions, and Change: Embedded Liberalism in the Postwar Economic Order," *International Organization* 36 (Spring 1982), 379-415; Jeff Frieden, "Sectoral Conflict and U.S. Foreign Economic Policy," *International Organization* 42 (Winter 1988), 59-90.

[3] Wilfred Ethier, *Modern International Economics* (New York: W. W. Norton, 1983).

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per concludes with the suggestion that hegemonic theory is problematic largely because it neglects the political consequences of agreements to trade freely.

Hegemonic Stability Theory

In 1973, Charles P. Kindleberger laid the foundations of what Robert O. Keohane, almost a decade later, labeled "hegemonic stability" theory.[4] The term is also frequently applied to the arguments of both Robert G. Gilpin and Stephen D. Krasner, although Kindleberger's emphasis is on the stability of the international system, and Gilpin's and Krasner's is on the self-interest of the dominant state.[5] Common to all three, however, is the claim that, because a stable system of international free trade involves the supply of a public good, it has a political prerequisite: the existence of a hegemonic power. As Kindleberger puts it, "for the world economy to be stabilized, there has to be a stabilizer, one stabilizer."[6]

The analytics of hegemonic theory are drawn from the literature on public goods. Unlike private goods (cookies or Big Macs), public goods (nuclear deterrence or clean air) are joint in supply and nonexcludable. That is, any individual's consumption of these goods does not preclude their consumption by others, and no individual can be excluded or prevented from consuming such goods whether or not he has paid for them.

As a consequence, Prisoners' Dilemma (PD) preferences characterize each member of a large group or of any short-lived group facing a public-good or collective-action problem. The corresponding payoff matrix is found in Figure 1 (p. 310). Confronting these payoffs, the dominant strategy of each player is to refuse (defect) rather than to contribute (cooperate) to the supply of the public good: DC > CC > DD > CD. A Pareto-inferior equilibrium outcome (DD) results: no one contributes, no public good is produced, and another—albeit unstable—outcome (CC) exists in which all would be better off.[7]

Kindleberger argues that, if states locked into an international free

[4] Kindleberger, *The World in Depression, 1929-1939* (Berkeley: University of California Press, 1973); Keohane, "The Theory of Hegemonic Stability and Changes in International Regimes, 1967-1977," in Ole Holsti, ed., *Change in the International System* (Boulder, CO: Westview Press, 1980), 132.

[5] Gilpin, *U.S. Power and the Multinational Corporation* (New York: Basic Books, 1975); Gilpin, *The Political Economy of International Relations* (Princeton: Princeton University Press, 1987); Krasner, "State Power and the Structure of International Trade," *World Politics* 28 (April 1976), 317-47.

[6] Kindleberger (fn. 4), 305.

[7] A Pareto-superior equilibrium is one in which at least one individual would be better off and no individual would be worse off than at the existing outcome.

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		COLUMN	
		Cooperate	Defect
ROW	Cooperate	2, 2	4, 1
	Defect	1, 4	3, 3

FIGURE 1

Note: Payoffs are ranked from 1 (best) to 4 (worst); Row's payoffs are listed first.

trade PD are to be able to escape their dilemma, a hegemon must exist. Because of its relative size in the international system, Kindleberger's hegemon is the equivalent of what public-good theory calls a "privileged" group: that is, a group "such that each of its members, or at least some one of them, has an incentive to see that the collective good is provided, even if he has to bear the full burden of providing it himself."[8]

Casual empiricism appears to confirm Kindleberger's argument. British hegemony in the nineteenth and U.S. hegemony in the mid-twentieth century coexisted with relatively open international markets. The inability of Britain and the unwillingness of the United States to lead coincided with the construction of "beggar-thy-neighbor" trading blocs in the interwar period.[9] The apparent decline in U.S. hegemony in recent decades and the simultaneous increase in trade barriers among the industrialized countries also appear to support Kindleberger's assertion. Whether a correlation between hegemony and free trade actually exists or represents a causal relationship has became extremely controversial.[10]

Much ink has also been spilled over three analytic issues: (1) Do ra-

[8] Mancur Olson, *The Logic of Collective Action* (Cambridge: Harvard University Press, 1971), 50.

[9] Kindleberger (fn. 4), 28.

[10] For examples of the large literature that violently and sometimes persuasively objects to every historical interpretation in this paragraph, see McKeown (fn. 1); Kenneth A. Oye, "The Sterling-Dollar-Franc Triangle: Monetary Diplomacy 1929-1937," *World Politics* 38 (October 1985), 173-99; and Bruce Russett, "The Mysterious Case of Vanishing Hegemony," *International Organization* 39 (Spring 1985), 207-32.

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tional hegemons have an interest in free trade? (2) Is free trade necessarily nonexcludable? and (3) Does a hegemon provide the only solution to whatever public-good problems exist? Although analyses of these issues appear to damage hegemonic theory irreparably, the critics have in fact chosen boomerangs as their weapons.

Rational Hegemons and Free Trade

Some observers contend that the attribution of free-trade preferences to a hegemon violates the principles of standard international trade theory.[11] According to the latter, they note, any state large enough to influence its terms of trade—the relative price of its exports on world markets—will maximize its real income by imposing an optimum tariff: that is, a tax on trade set at the point that maximizes the net gain which accrues from the resulting improved terms and reduced volume of trade. Thus, they suggest, only an irrational hegemon would conform to the behavioral prescriptions of hegemonic theory.[12]

Flawed premises undercut the power of this argument. It implicitly assumes that the hegemon's influence over its terms of trade is the most efficient source of leverage available to it. More importantly, the argument ignores strategic variables that can affect a hegemon's choice of tariff levels. As a result, it effectively violates the logic of game-theoretic models of price setting by domestic monopolists, thereby inflating the costs an economic hegemon incurs when it abandons its trade barriers for political reasons.

The possession of power in the trade-theory sense, for example, necessarily implies the use of a tariff only if the hegemon cannot find a more efficient way to redistribute income from its trading partners to itself. Because other states lose more than the hegemon gains, a tariff "is an inferior way to redistribute income between countries."[13] In its *own* long-run interest in enhancing its revenue base, therefore, the dominant state has an incentive to pursue either of two potentially Pareto-superior alternatives to trade barriers: bribes or taxes.[14]

In practice, the transaction costs associated with both alternatives are

[11] John A. C. Conybeare, "Public Goods, Prisoners' Dilemmas and the International Political Economy," *International Studies Quarterly* 28 (March 1984), 5-22.

[12] This argument is intended to apply only to single-minded hegemons. Critics acknowledge that hegemons which pursue political as well as economic goals may prefer free trade for political reasons. See, for example, *ibid.*

[13] Richard E. Caves and Ronald W. Jones, *World Trade and Payments: An Introduction* (Boston: Little, Brown, 1973), 244.

[14] For a brief discussion of bribery as an alternative to tariff retaliation in the context of two states of equal size, see Conybeare (fn. 11), 14-15.

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likely to exceed the deadweight loss produced by a tariff. In the case of small states engaged in a collective effort to bribe the hegemon to adopt free trade, a public-good problem arises: each small state that is potentially a party to such bribery has an incentive to let the others assume its costs. Free riding can be prevented only in the unlikely event that the hegemon can cheaply discriminate among the exports of a large number of small countries.

Designing, implementing, and enforcing a system to tax other states is likely to be prohibitively costly to the hegemon. Although the international equivalent of a lump-sum tax may leave small states better off than would an optimum tariff, these states may recognize that they would be even better off as free riders: the hegemon's threat to sanction tax evaders may not be credible to them. The situation of the hegemon is analogous to that of the incumbent firm in the chain-store paradox: it confronts a trade-off between the short-term costs to it if it punishes defiance and the longer-term costs to its reputation if it does not do so.[15] In any case, unilateral imposition of an optimum tariff is likely to be less costly to the hegemon than the theoretically Pareto-superior alternative of taxation.

Despite the dearth of alternative means to redistribute income in its favor, a clear-thinking, nonmyopic hegemon may still reject the optimum tariff recommended to it by standard trade theory. Its interest in doing so would be the preservation of its monopoly power. Thus, it would act on the same logic that motivates a domestic monopolist to set prices below their short-run maximizing levels: the incumbent firm thereby attempts to deter entry into its markets. By "limit" pricing, the monopolist seeks to signal potential entrants that its costs of production are lower than they are in reality.[16] Its ability to sacrifice short-run gains in order to earn higher long-run returns depends on the existence of costs to entry as well as asymmetric information about the monopolist's costs of production.[17]

A rational, nonmyopic hegemon may set its tariff at less than the short-run optimum level under analogous conditions—if, for example, it has some private information about the elasticity of global demand and supply curves, and if small countries organizing to exert countervailing power in world markets incur some costs in doing so.[18] A hegemon may

[15] For a formal analysis of the chain-store paradox, see David M. Kreps and Robert Wilson, "Reputation and Imperfect Information," *Journal of Economic Theory* 27 (August 1982), 253-79.

[16] Paul Milgrom and John Roberts, "Limit Pricing and Entry Under Incomplete Information: An Equilibrium Analysis," *Econometrica* 50 (March 1982), 443-59.

[17] Since potential entrants are aware of the incentives of established firms to engage in limit pricing, the established firm's strategy may not work. See *ibid.*

[18] In his most recent work, Conybeare notes that heavy export taxes may induce substitution that, in turn, dictates the use of lighter taxes in the interest of maximizing long-run prof-

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indeed have private information about global markets because of its incentives to become informed about them; a small country, by contrast, has little incentive to acquire such information because it cannot influence its terms of trade. Significant transaction costs may be incurred in the process of forming customs unions because of the distributional effects both within and across the potential members that result from the setting of uniform external trade barriers.[19]

The trading practices of both Britain and the United States suggest that the analogy to limit pricing is of more than just analytic interest. Mid-nineteenth century Britain, according to one observer, maintained its tariffs at less than optimum levels in order to fix its "monopoly of manufactures on the rest of the world for a few more decades than its natural term."[20] The logic of limit pricing apparently impressed itself on the United States when it attempted, in the 1930 Smoot-Hawley tariff, to turn the terms of trade in its favor. This effort provoked the construction of trading blocs abroad,[21] and apparently induced the United States to try to lower global barriers to trade after the war.[22]

In short, because an attempt to exploit its power in the short run may undermine that power over time, a nonmyopic, rational hegemon may reject an optimum tariff. Although the limit-pricing argument does not support an inference that free trade—the international analogue of competitive prices at the domestic level—will prevail, it does suggest that unilateral restrictions on the use of an optimum tariff can be in the strictly economic self-interest of a far-sighted, clear-thinking hegemon.

Because the limit-pricing analogue suggests that it may be cheaper to

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its. Conybeare dismisses this argument unpersuasively: he maintains that "long-term elasticity . . . arguments merely assert that the hegemon is not really a hegemon." See John A. C. Conybeare, *Trade Wars: The Theory and Practice of International Commercial Rivalry* (New York: Columbia University Press, 1987), 72.

[19] John McMillan, *Game Theory in International Economics* (New York: Harwood Academic Publishers, 1986), 67.

[20] William Cunningham, cited in Donald N. McCloskey, "Magnanimous Albion: Free Trade and British National Income, 1841-1881," *Explorations in Economic History* 17 (July 1980), 303-20, at 304; but see also fn. 23 below.

[21] For an analysis that suggests that the Great Depression would have led to the same outcome even without this provocation by the United States, see Barry Eichengreen, "The Political Economy of the Smoot-Hawley Tariff," NBER Working Paper No. 2001, 1986 (cited in Jagdish Bhagwati, *Protectionism* [Cambridge, MIT Press, 1988], 22).

[22] The present analysis seems to suggest that the American encouragement of what became the European Economic Community was illogical. Even without introducing security factors, however, the U.S. action can be interpreted as taking control of, rather than waiting for, the inevitable: in promoting the formation of the EEC when it did, the United States had an opportunity to exert significant leverage over the direction of the union. Thus, it could successfully demand, for example, that the EEC treat foreign direct investment as it did national investment, thus ensuring that U.S. firms would be able to circumvent EEC tariffs, albeit at some cost to those firms. See Gilpin (fn. 5).

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forgo an optimum tariff than standard trade theory implies, it also suggests that the incidence of decisions to do so for political reasons may be higher than would otherwise be expected. Thus, for example, the introduction of long-term elasticities into empirical estimates of the welfare losses incurred by Britain as a consequence of its unilateral adoption of free trade in the mid-nineteenth century suggests that the magnitude of these losses was "extremely small."[23] Although Britain's repeal of the Corn Laws is conventionally attributed to domestic politics, the British case nevertheless suggests that a hegemon does not need very strong political incentives to adopt free trade: the economic losses it incurs by doing so may be insignificant.

In sum, even the exclusively economic self-interest of a rational hegemon may not persuade it to adopt the optimum tariff of standard trade theory. Its preferences will depend on the relative costs of bribery, taxation, and tariffs, and on its ability to deter entry through the strategic use of its monopoly power. It is certainly possible that, under some circumstances, a hegemon will choose an optimum tariff as conventionally defined. Under different circumstances, however—even in situations in which political factors do not influence its choice—it may not do so.

Free Trade and Public Goods

The public-good premise of hegemonic theory has also become controversial. Arguing that the "benefits of free trade are largely excludable," John A. C. Conybeare asserts, for example, that "countries may, individually or collectively, penalize a country that attempts to impose a nationally advantageous tariff at the expense of the international community."[24] Thus, Conybeare contends that free trade is not a public good because it fails to fulfill the nonexcludability attribute of such goods.

Arguing that free trade is, instead, a Prisoners' Dilemma, Conybeare notes that an optimum tariff maximizes the gains of a large state. If all states employ tariffs, however, the outcome is inferior to a free-trade

[23] Donald McCloskey has argued that Britain lost "at most" 4% of national income when it chose free trade rather than an optimum tariff (fn. 20, p. 305). Bhagwati notes that McCloskey's analysis relies on "intuition"; he observes that Douglas Irwin has

> estimated British foreign trade elasticities for that period and calculated the welfare loss of unilateral tariff reduction at about 0.5 percent of national income in the very short run. As Irwin points out, though, longer-run elasticities imply an extremely small welfare loss, and if foreign tariff reductions are factored in (resulting from Britain's demonstration effect promoting free trade) Irwin finds that Britain was made better off.

Irwin, "Welfare Effects of British Free Trade: Debate and Evidence from the 1840s," presented to Mid-West International Economics Meetings, Ann Arbor, Michigan, 1987, cited in Bhagwati (fn. 21), 29-30.

[24] Conybeare (fn. 11), 6.

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truce, as it reduces the volume but does not change the terms of trade.[25] The mutually preferred outcome of free trade is difficult to achieve because it is not a stable or Nash equilibrium of the one-shot game: each state has an incentive to deviate to an optimum tariff if others adhere to free trade. Thus, Conybeare observes, trade theory effectively assigns PD preferences to large states (where C represents free trade and D an optimum tariff).

Conybeare is correct: free trade *is* excludable, and his argument is an important modification of hegemonic theory. But implicit in this argument is an assumption that each state benefits from sanctioning would-be free riders. If, however, the policing of a cooperative agreement is costly, enforcement itself becomes a public good.[26] As Michael Laver observes, costly exclusion "simply replaces one collective action problem with another, the problem of raising exclusion costs."[27]

Whenever defection is either ambiguous or easily concealed, sanctioning is likely to be costly.[28] Ambiguity threatens to make punishment appear as provocation, thus initiating a feud that will not eliminate the alleged offense, but will impose costs on the would-be enforcer. Ambiguity is virtually indigenous to PDs because incentives to conceal cheating are strong; as George Stigler observes of industrial cartels, "the detection of secret price-cheating will of course be as difficult as interested people can make it."[29]

Informational asymmetries pervade trade agreements, arising from the varied sources of ambiguity inherent in them. Among these sources are: the need to translate international agreements into domestic law; the difficulty of determining if conditions of breach have occurred; the inability to specify illegal behavior precisely; and the possibility of currency manipulation as a substitute for overt action on trade.[30] Would-be free riders may also conceal cheating by shipping their exports through third countries.

[25] This assumes that states possess similar degrees of market power. If they do not, it is possible for one state to be better off, even after the cycle has been completed, than if it had pursued free trade. See H. G. Johnson, "Optimum Tariffs and Retaliation," *Review of Economic Studies* 21 (No. 55, 1953-54), 142-53.

[26] Robert Axelrod and Robert O. Keohane, "Achieving Cooperation under Anarchy: Strategies and Institutions," *World Politics* 38 (October 1985), 226-54.

[27] Laver, "Political Solutions to the Collective Action Problem," *Political Studies* 28 (June 1980), 195-209, at 200.

[28] Kenneth A. Oye, "Explaining Cooperation under Anarchy: Strategies and Institutions," *World Politics* 38 (October 1985), 1-24, at 15.

[29] Stigler, "A Theory of Oligopoly," *Journal of Political Economy* 72 (February 1964), 44-61, at 47.

[30] Beth V. Yarbrough and Robert M. Yarbrough, "Cooperation in the Liberalization of International Trade: After Hegemony, What?" *International Organization* 41 (Winter 1987), 1-26, at 7-9.

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Thus—as is true of many PDs—monitoring, assessing, and punishing attempts to cheat are crucial but costly aspects of international trade agreements. As a result, it becomes individually rational but collectively suboptimal for states to free ride on the enforcement efforts of others: whenever incomplete information exists, exclusion of deviants from a trade agreement itself becomes a public good.[31]

In short, while technically excludable, free trade nonetheless presents public-good problems under realistic assumptions about the costs of sanctions. Even if the public-good problems that may inhere in other regimes ancillary to the trade regime are set aside, therefore, open international markets do involve the supply of a public good. Although, as the next section demonstrates, a variety of game-theoretic solutions to enforcement problems exist that do not require the presence of either a privileged *or* a small group, their relevance in the context of international politics is considerably less than is their abstract analytic appeal.

Privileged and Small Groups

Following Thomas C. Schelling, small-group critics of hegemonic theory contend that even large-number systems can successfully resolve collective action problems if there exists a k or subgroup of actors who would profit by doing so even if they alone absorbed its costs.[32] Small-group theory, however, does not satisfactorily confront two issues that are critical to the ability of a group of states to substitute for a hegemon: the theory addresses neither the origins nor the enforcement mechanisms of the group adequately. Although game-theoretic solutions to both problems exist, their assumptions provide a poor fit to the situation of states that are engaged in trade in an anarchic political structure.

Origins

The origin of small groups is typically approached as an empirical rather than as an analytic issue: the legacy of hegemony explains the creation of k groups.[33] In some respects, the neglect of k-group genesis is un-

[31] Thus, the supply of information assumes a central role in recent analyses of international regimes. See, for example, Robert O. Keohane, *After Hegemony: Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984), 259; Russett (fn. 10), 222.

[32] Schelling, "Hockey Helmets, Daylight Savings, and Other Binary Choices," in Schelling, ed., *Micromotives and Macrobehavior* (New York: W. W. Norton, 1978), 211-44.

[33] Keohane (fn. 31), 6; Duncan Snidal, "The Limits of Hegemonic Stability Theory," *International Organization* 39 (Autumn 1985), 579-614, at 603; cf. Stephan Haggard and Beth A. Simmons, "Theories of International Regimes," *International Organization* 41 (Summer 1987), 491-517, at 506.

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impeachable: proponents of small-group theory themselves readily acknowledge that they do not systematically address the issue,[34] and no theory of international coooperation should be indicted simply because it cannot explain completely the evolution of inter-state cooperation.

The reliance on hegemony, however, remains troubling for several reasons. First, it implies that the international system evolves peacefully from a hegemonic to a nonhegemonic structure, despite evidence that such power transitions can be potent sources of war.[35] Second, its recourse to history leaves small-group theory mute before a problem that is central to the field of international political economy: because the great powers are always few in number, the theory cannot explain why wide variations exist in the capacity of different systems to support market exchange among their constituent states.

The role attributed to history also dismantles axiomatically a formidable barrier to entry that a small group would otherwise confront: the need to agree on the cooperative equilibrium it will thereafter enforce. The literature on oligopolistic supergames has been strongly criticized for its silence on this aspect of collusion:[36] this criticism applies *a fortiori* to discussions of free-trade k groups.[37] If neither oligopolies nor would-be international k groups can reach agreement on what is to be enforced, it is, as James Friedman observes in the industrial context, "cold comfort to know that the firms, should they ever find themselves at the equilibrium, would never seek to deviate from it."[38]

Agreement on any single equilibrium is problematic because different equilibria imply different distributions of the net benefits of cooperation.[39] Although several game-theoretic solutions to this problem exist, no single solution currently commands general acceptance.[40] Moreover, insofar as they assume that the utility functions of all players are common knowledge, these solutions tend to assume away rather than confront directly what R. Duncan Luce and Howard Raiffa refer to as the "real" bargaining problem: the existence of strategic incentives to conceal preferences.[41]

[34] Keohane's book (fn. 31) is titled, after all, *AFTER Hegemony* (emphasis added).

[35] See, for example, A.F.K. Organski and Jacek Kugler, *The War Ledger* (Chicago: University of Chicago Press, 1980).

[36] Carl Shapiro, "Theories of Oligopoly Behavior," *Discussion Papers in Economics*, No. 126 (Princeton University: Woodrow Wilson School, March 1987), 56-58 (cited by permission).

[37] Snidal, however, provides a good discussion of the distributional problems that small groups encounter with respect to collective action generally. See Snidal (fn. 33), 604-12.

[38] Friedman, *Oligopoly and the Theory of Games* (Amsterdam: North-Holland, 1977), 15.

[39] R. Duncan Luce and Howard Raiffa, *Games and Decisions: Introduction and Critical Survey* (New York: John Wiley & Sons, 1958), 121.

[40] James W. Friedman, *Game Theory with Applications to Economics* (New York: Oxford University Press, 1986), 170.

[41] Luce and Raiffa (fn. 39), 134.

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Apart from abstract game-theoretic solutions, several solutions exist that are arguably more feasible. As is true of firms attempting to form cartels, states can readily agree to maximize their joint profits or gains from trade either if the distribution of profits that results will benefit all equally, or if side-payments are possible. It is unlikely that collusion on the joint maximum will lead to a symmetrical distribution of benefits. This will occur within an industrial cartel only in the highly improbable event that all firms are "absolutely" identical to each other.[42] In the context of international trade, it will occur only if reciprocal demand curves are identical in the negotiating countries—an equally improbable event.

The joint maximum theoretically retains its appeal if side-payments are possible. Side-payments redistribute the net benefits of cooperation among the relevant actors precisely in order "to equalize any inequities arising from their cooperation."[43] Significant impediments to their use exist, however: utility must be transferable; the contracting parties must agree on a redistributive mechanism;[44] and, most importantly, recipients must accept the potential threat that inheres in their reliance on what is, in effect, the extension of subsidies to them from others. Oliver Williamson's assessment of the risks to subsidized firms applies to states as well:

> Firms which are authorized to expand relatively as a result of the agreement will be powerfully situated to demand a renegotiated settlement at a later date. Wary of such opportunism, firms for which retrenchment is indicated will decline from the outset to accept a full-blown profit-pooling arrangement.[45]

If neither natural nor induced symmetry of profit distribution renders the joint maximum a workable point of agreement, the "intrinsic magnetism of particular outcomes" may yet single out one from among the set of Pareto-optimal points.[46] The "egalitarian nature" of the Swiss tariff-reduction proposal at the Tokyo Round negotiations, for example, reportedly led to its general acceptance.[47] Yet this example only serves to illustrate how difficult it may be for a unique focal point to emerge: behind agreement on equity as the standard for the Tokyo Round formula

[42] Friedman (fn. 38), 28.

[43] Luce and Raiffa (fn. 39), 180; see also Snidal (fn. 33), 605.

[44] Oran R. Young, "Introduction," in Young, ed., *Bargaining: Formal Theories of Negotiation* (Urbana: University of Illinois Press, 1975), 32, n. 40.

[45] Williamson, *Markets and Hierarchies: Analysis and Antitrust Implications, A Study in the Economics of Internal Organization* (New York: Free Press, 1975), 224.

[46] Thomas C. Schelling, cited in David A. Baldwin, "Politics, Exchange, and Cooperation," paper prepared for delivery to the 28th Annual Convention of the International Studies Association, Washington, DC, 1987, p. 30.

[47] Kenneth S. Chan, "The International Negotiating Game: Some Evidence from the Tokyo Round," *Review of Economics and Statistics* 67 (August 1985), 456-64, at 463.

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stood the relatively equal power of the four principal parties to that negotiation, a long history of tariff cuts and a relatively low level of tariffs among them, and no discernible security ramifications to the accord.

In the absence of any of these facilitating conditions, would-be international k groups may face insuperable obstacles to organization. Moreover, if the play of the game violates the "heroic" assumption of supergame analysis that the payoff matrix does not change over time,[48] this problem will arise not only at the initial but at *every* stage of the iterated game in which change occurs. The international context poses particularly difficult problems in this respect, as any distribution of the gains from trade can affect not only the economic but also the military balance of power among participating states. In the international system, therefore, small groups are poor substitutes for privileged groups.

Enforcement

Despite their emphasis on enforcement, small-group advocates have not yet addressed adequately the deterrence and punishment of cheating. The discussion that follows focuses on the three hostages to good behavior in any single regime that are prominent in the small-group literature: linkage to existing regimes and, through reputation, to future regimes, and the breakdown of the regime in which the defection occurs.[49]

What is not explained, however, is why exclusion from other existing regimes is a credible threat: the literature does not specify either the excludable goods they supply or the cooperators' interests in punishing those who free ride on a *different* regime. As both theoretical and empirical analyses suggest, linkage may as easily torpedo as reinforce cooperation in any specific issue area: the interests of states in linking cooperation on one to cooperation on other issues can as easily diverge as converge.[50] Analytically, then, there is no reason to assume that linkages stabilize cooperation.

Analogously, in order to attribute significant explanatory weight to reputation, small-group advocates must show that: (1) extrapolations from past to future behavior are reliable because the interests of states are

[48] Michael D. McGinnis, "Issue Linkage and the Evolution of International Cooperation," *Journal of Conflict Resolution* 30 (March 1986), 141-70, at 164.

[49] Keohane (fn. 31), 100, 104-5.

[50] For discussion, see James K. Sebenius, "Negotiation Arithmetic: Adding and Subtracting Issues and Parties," *International Organization* 37 (Spring 1983), 281-316; Robert D. Tollison and Thomas D. Willett, "An Economic Theory of Mutually Advantageous Issue Linkages," *International Organization* 33 (Autumn 1979), 425-49; Kenneth A. Oye, "The Domain of Choice: International Constraints and the Carter Administration," in Kenneth A. Oye, Donald Rothchild, and Robert J. Lieber, eds., *Eagle Entangled: U.S. Foreign Policy in a Complex World* (New York: Longman, 1979), 3-33.

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the same in both the past and the present situations, *and* (2) informational asymmetries exist between the contracting parties.[51] Theoretical and empirical work on strategic deterrence, however, suggests that state interests and behavior vary widely across time and place.[52] As a consequence, states tend to discount the past heavily as a predictor of the behavior of other states in later situations.

In addition, the regime context suggests that informational asymmetries will be rare: regimes are created specifically to correct the "market for lemons" problem.[53] Because regimes supply information to states about the behavior of others, they do not provide opportunities for states to develop a reputation for honesty. As Robert H. Frank observes,

> if people act rationally, . . . we [cannot] discover that someone is honest by observing what he does in situations where the detection of cheating is not *unlikely*. . . . These are situations in which we frequently discover how a person has acted. For precisely this reason, however, it will not be rational to cheat in these cases. To observe that someone does not cheat would tell us only that he is prudent, not honest. . . . The kinds of actions that are likely to be observed are just not very good tests of whether a person is honest.[54]

That states understand the logic of Frank's argument is nicely illustrated by Lord Salisbury's comment about Prussian intentions. He noted "that they should have been pacific when they were weak is not unnatural, but if we wish to know the character of their disposition when left to itself, we must ask what they were when they were strong."[55]

In the abstract, at least, it may not matter much that these two hostages

[51] It is this combination that motivates the role of reputations in such games as the chain-store paradox and formal analyses of cooperation in finite PDs. See Kreps and Wilson (fn. 15); also David M. Kreps, Paul Milgrom, John Roberts, and Robert Wilson, "Rational Cooperation in the Finitely Repeated Prisoners' Dilemma," *Journal of Economic Theory* 27 (August 1982), 245-52.

[52] Richard Ned Lebow, "Conclusion," in Robert Jervis, Richard Ned Lebow, and Janice Gross Stein, eds., *Psychology and Deterrence* (Baltimore: The Johns Hopkins University Press, 1985), 303-32.

[53] Moreover, any government known to put stock in past behavior invites others to cheat it. L. G. Telser observes:

> The accumulation of a fund of goodwill of a buyer toward a seller that depends on past experience stands as a ready temptation to the seller to cheat the buyers and convert their goodwill into ready cash. It is the prospect of the loss of future gain that deters and the existence of past goodwill that invites cheating. Therefore, rational behavior by the parties to an agreement requires that the probability of continuing their relation does not depend on their past experience with each other.

See Telser, "A Theory of Self-enforcing Agreements," *Journal of Business* 53 (January 1980), 27-44, at 36.

[54] Frank, *Passions Within Reason: The Strategic Role of the Emotions* (New York: W. W. Norton, 1988), 74-75; emphasis in original.

[55] Lord Salisbury, "The Terms of Peace," in *The Quarterly Review* 129 (October 1870), 540-56, at 546.

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do not adequately secure cooperation. Sufficient power to deter free riding inheres in the one mechanism to which the existing literature generally gives relatively short shrift: each state's recognition that, "because regimes are difficult to construct, it may be rational to obey their rules if the alternative is their breakdown. . . ."[56] Endowed with additional structure, this recognition alone renders the cooperative a Nash or self-enforcing equilibrium. If each state realizes that its attempt to free ride will lead to the collapse of the regime, it has no incentive to defect, and the problem of enforcement does not arise. A critical omission in existing analyses, however, is how such a self-destruct mechanism might be built into a regime.[57]

A credible threat that the response to any attempt to free ride will be the collapse of the entire regime creates just such a self-destruct mechanism. Existing work on tacit collusion among oligopolists relies on precisely this threat in order to stabilize cooperation: all firms agree to revert to the Cournot or noncooperative equilibrium for some period if *any* firm attempts to free ride.[58] The threat is credible because it is in every firm's interest to execute it provided all others do so: by definition, if one firm believes that all other firms will, after any deviation, begin to produce their Cournot outputs, that firm cannot do better than do so itself.[59] Thus, no firm has an interest in deviating from the collusive equilibrium: sanctions need never be implemented.

In effect, this solution generalizes the two-person Tit-for-Tat solution to the n-person game, with analogous restrictions on the discount rate relative to the payoffs, and on the information available to each player about the others.[60] Unlike the two-person game, however, the n-person situation confronts the nondefecting players with the temptation to respond to any defection in either of two ways that return short-term profits higher than those of the noncooperative equilibrium: to offer the defector a second chance or to recontract among themselves in order to maximize their profits in light of the defection. The fact, however, that both alternatives tend to unleash a chain of defections strengthens incentives to execute the

[56] Keohane (fn. 31), 100. One article that *does* briefly discuss this solution is Beth V. Yarbrough and Robert M. Yarbrough, "Reciprocity, Bilateralism, and Economic 'Hostages': Self-enforcing Agreements in International Trade," *International Studies Quarterly* 30 (March 1986), 7-22.

[57] Snidal (fn. 33), 610-11.

[58] See Jonathan Bendor and Dilip Mookherjee, "Institutional Structure and the Logic of Collective Action," *American Political Science Review* 81 (March 1987), 129-54.

[59] James W. Friedman, *Oligopoly Theory* (New York: Cambridge University Press, 1983), 131.

[60] For a discussion of these limits, see Friedman, *ibid.*, 133; also Bendor and Mookherjee (fn. 58), 133-34.

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original threat.[61] Thus, this solution is a self-enforcing agreement that sustains cooperation without the need for linkage to other PDs or to reputations.

The relevance of this solution in the context of international politics is considerably smaller than is its abstract analytic appeal, however. Its application requires agreement among the contracting states that a deviation has occurred; it also requires a consensus on the response. Yet, not only the economic but also the political interests of states influence their judgments on these issues: incentives to perceive and sanction a deviation can vary widely as the identity of the alleged deviant varies. Kindleberger observes that free riding can result when "the police are politically opposed to a rule . . . or to its application in a given case . . .": he points out that the United Nations and the League of Nations before it demonstrate that attempts to protect the international collective good are highly vulnerable to the tendency of states to interpret any alleged threat to that good in a highly self-interested fashion.[62] Thus, in enforcing a cooperative equilibrium, any small group of states encounters political problems that do not confront hegemonic states.

Conclusion

Although critics of hegemonic stability theory have not destroyed its analytic foundations, they have achieved several less ambitious objectives. They have, for example, argued persuasively that a hegemonic preference for free trade cannot be assumed: a more discriminating analysis is essential to establish the conditions under which a rational hegemon will, in its *own* interests, act benevolently rather than coercively toward others. In addition, the critics have forced a rigorous examination of the assumed public character of free trade. Moreover, they have successfully challenged the assumption that international public goods can, under *all* conditions, be provided only by a privileged group.

They have not, however, deprived hegemonic stability theory of its analytic base: hegemons can reject the prescriptions of standard trade theory; whenever asymmetrical information prevails, open international markets do present public-good problems; and privileged groups enjoy a stronger advantage than small-group advocates acknowledge.

More importantly, its critics have not challenged the public-good var-

[61] Friedman (fn. 59), 133-34.

[62] Kindleberger, "Systems of International Economic Organization," in David P. Calleo, ed., *Money and the Coming World Order* (New York: New York University Press, 1976), 24-26, quotation at 24.

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iant of hegemonic theory at its point of maximum vulnerability. Focusing exclusively on the real income gains that accrue to a state which opens its borders to trade, the theory analyzes economic exchange in a political vacuum. Yet, national power is engaged in free-trade agreements because such agreements inevitably produce security externalities: the removal of trade barriers affects not only the real income but also the security of the contracting states.[63]

The security externalities of trade arise from its inevitable jointness in production: the source of gains from trade is the increased efficiency with which domestic resources can be employed, and this increase in efficiency itself frees economic resources for military uses.[64] Thus, trade enhances the potential military power of any country that engages in it.[65] In doing so, free trade can disrupt the pre-existing balance of power among the contracting states.[66]

Thus, the most durable barrier to open international markets may not be the trade preferences of a rational hegemon, the effectively public character of free trade, or the inability of small groups to substitute easily for privileged groups. Instead, it may be the anarchic international system that makes two facts common knowledge among states: (1) each seeks to exploit the wealth of others to enhance its own power, and (2) trade is instrumental to this end.[67] The structure of international politics, in short, may lead a state to prefer the status quo ante because it fears that any change may benefit others more than itself.[68]

In a first-best world, of course, these fears would not paralyze states. A two-step process would neutralize them: states would first maximize their absolute gains from trade, and would then adjust their defense strategies to compensate for any changes in the balance of power that occur as trade barriers fall. In a more realistic, less than first-best world, however,

[63] More generally, an external economy "is said to be emitted when an activity undertaken by an individual or firm yields benefits to other individuals or firms in addition to the benefits accruing to the emitting party." External diseconomies inflict injury rather than confer benefits. See Robin W. Boadway and David E. Wildasin, *Public Sector Economics*, 2nd ed. (Boston: Little, Brown, 1984), 60.

[64] William A. Root, "Trade Controls that Work," *Foreign Policy* 56 (Fall 1984), 61-80.

[65] David A. Baldwin, *Economic Statecraft* (Princeton: Princeton University Press, 1984).

[66] McKeown (fn. 1), 225.

[67] As Baldwin observes, trade "is by far the most [cost-] effective . . . way for one country to acquire the goods or services of another." Baldwin (fn. 65), 116.

[68] In theory, it is possible for states negotiating with each other to conclude an agreement that improves the absolute welfare of each while it preserves the pre-existing balance of power between them. The prerequisites of such an agreement are formidable, however: the utility functions of the states must be common knowledge, and the contracting states must agree on a utility scale that will determine both the status quo ante and the division of benefits from cooperation. (Anatol Rapoport, *Fights, Games, and Debates* [Ann Arbor: University of Michigan Press, 1974], chap. 11.) In practice, it seems unlikely that these conditions will be fulfilled.

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the time lag that intervenes between these two steps may open a window of vulnerability that can allow one state to threaten the existence of another.

As a consequence, states may prefer the conservative course. Open markets thus become victims of the primacy of security concerns in an anarchic international political structure. The failure of hegemonic stability theory to acknowledge this barrier to trade constitutes the theory's most profound flaw. Progress toward a more powerful theory of the political economy of international trade must begin with an explicit recognition of the influential role played by security concerns in the determination of national trade policies.

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THE POLITICS OF BACKWARDNESS IN CONTINENTAL EUROPE, 1780-1945

By ANDREW C. JANOS*

Introduction

THE following study is one of history in the frame of reference of social science. As such, it has been written with two broad objectives. The first is to identify historical patterns of class formation and state-building in Europe, and to suggest new explanations for the political differentiation of the Continent from the late eighteenth to the middle of the twentieth century. The second is to examine the relevance of a number of hypotheses concerning the politics of international economic inequality, and thus to contribute to the understanding of a central problem in contemporary political economy.

The discipline of political economy inquires, above all, into causal relationships between economic scarcity and political authority. The central hypothesis around which the discipline was originally constructed may be stated quite succinctly. If material goods are becoming more scarce, then the stability of authority will decline, or, alternatively, authority will be exercised by ever smaller and more tightly organized minorities over ever larger realms of social concerns. Conversely, as resources become more abundant, it is easier to resolve social conflicts by peaceful means, civil societies are more likely to thrive, and participation in the exercise of authority is more likely to increase. Simple as they are, these propositions are the foundations of the more complex theories of such classical political economists as Karl Marx and Adam Smith.

While the fundamental validity and relevance of these generalizations concerning the *consequences* of scarcity have rarely been challenged, the probable *causes* of economic scarcity have recently been the subject of heated debates. A number of major revisionist schools have emerged from these debates, each attempting to expand the explanatory paradigm of political economy by shifting the focus of the discipline from national economies, societies, and cultural systems toward larger, supranational

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entities, above all, toward the study of relationships among the "core," the "periphery" and "semiperiphery" (together, the "peripheries") of a "modern world system."[1] This, to be sure, does not imply that the new political economy is ready to ignore the relevance of social and cultural configurations within national boundaries. It merely implies that such configurations are apt to acquire new meaning and weight within the larger context of the global economic, political, and cultural systems.

While the utility and relevance of this new mode of thinking is widely shared by today's political economists, the dynamics of relative scarcity, the causes of impoverishment of peripheral countries, and the relationship between development and decay have given rise to several contending schools of thought. Perhaps the most popular of these locates the problem of scarcity and abundance in the international economic system, specifically in processes of economic exchange. Within this school we must deal with two competing theories. One, associated with Marxism, rests on the tenets of the labor theory of value, and distinguishes between "lower" and "higher" ranking goods, according to the amount of "direct labor" required to produce them.[2] This theory assumes that trade between advanced and backward societies involves mainly the exchange of goods of different rank, and that when such an exchange takes place, surplus is being transferred from the less to the more developed economy. Since surplus is seen as a source of both consumption and of new investment, the theory purports to explain not only the reproduction of existing patterns of inequality, but also the steady increase of disparities between the few societies of the core and the many countries of the periphery.

This school's second theory is associated with conventional economists like Gunnar Myrdal and Albert Hirschman.[3] Much like the Marxists, these economists seek explanations for the problems of less developed nations in the international economy, and see the world market as a mechanism that operates to the disadvantage of poorer countries. The result is a steady "polarization"[4] of the world economy and a downward "drift"[5]

[1] See, among others, Immanuel Wallerstein, *The Modern World System* (New York: Academic Press, 1974); Theda Skocpol, *States and Social Revolutions* (Cambridge: Cambridge University Press, 1979); Perry Anderson, *Lineages of the Absolutist State* (London: New Left Books, 1974).

[2] See especially, André Gunder Frank, "The Development of Underdevelopment," and "Economic Dependence, Class Structure, and Underdevelopment Policy," in James D. Cockroft, André Gunder Frank, and Dale J. Johnson, eds., *Dependence and Underdevelopment* (New York: Doubleday, 1972), 3-46; and Wallerstein (fn. 1), 302.

[3] Gunnar Myrdal, *Rich Lands and Poor* (New York: Harper, 1958), 23-38; Albert Hirschman, *The Strategy of Economic Development* (New Haven: Yale University Press, 1962), 183-98.

[4] Hirschman (fn. 3), 187.

[5] Myrdal (fn. 3), 23.

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of the peripheries. However, unlike the Marxists, such economists explain these processes not in reference to the labor theory of value and exploitation, but in terms of more standard categories of economic analysis. Among these they list unequal rates of return and remuneration, which attract both capital and talent from the peripheries to the core countries; income elasticities of demand that differ for the products of the core and the periphery; and the competitive disadvantage of the new industries of the peripheries versus the established industries of the core.

A second school of the new political economy likewise attempts to explain the relative impoverishment (and political authoritarianism) of the peripheries, but seeks to identify their causes in the context of nation-states that make up the international political system. Contrary to the thinking of a long line of classical economists from Johann-Gottlieb Fichte to Friedrich List and Alexander Gerschenkron,[6] this new school views the state not as an instrument of accumulation and development, but as a potential agent of resource extraction for nonproductive purposes. Within this school, too, we can identify two different theories. The first relates this nonproductive spending to the pressures of international competition for expensive military technologies. The costs of these technologies, so the argument runs, vary little from one economic sector to another, but the level of development does. Thus, everything else being equal, military expenditures are likely to take a larger share of the national income of the poorer competitors at the expense of their ability to raise their standard of living.[7] A second theory meanwhile calls attention to the potential profligacy of elites, and pressures on them in backward societies to divert public funds for private benefit. In either case, we are dealing with a grand paradox: while poverty and stagnation call for more etatism, this etatism in turn may result in still more poverty and relative backwardness.[8]

Finally, a third school of revisionist thought attributes the economic problems of backward societies to changing human needs, relative deprivation, and the international demonstration effect (IDE) of the ongoing

[6] Johann-Gottlieb Fichte, "Der geschlossene Handelsstaat" [The closed trading state] in Fichte, *Ausgewählte Werke* [Selected works], Vol. III (Darmstadt: Wissenschaftliche Buchgesellschaft, 1964), 417-544; Friedrich List, *The National System of Political Economy*, trans. Sampson S. Lloyd (London: Longmans, 1916); Alexander Gerschenkron, *Economic Backwardness in Historical Perspective* (Cambridge, MA: Harvard University Press, 1962), 5-30.

[7] This hypothesis is implicit for Perry Anderson, who relates the rise of absolutist states in Europe to "accelerated pressures" for military spending by great powers under conditions of economic backwardness. See Anderson (fn. 1), esp. 494.

[8] This formula appears in Jean-Philippe Platteau, "Das Paradoxon des Staates in wirtschaftlich rückständigen Ländern" [The paradox of the state in economically backward countries], *Oesterreichische Zeitschrift für Soziologie* 9, No. 4 (1984), 63-87, esp. 70-74, where the author generously attributes the idea to me.

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economic progress of the core societies. This theory stipulates that the economic success of the advanced countries creates new lifestyles, and that these are diffused rapidly from one economic sector to another, creating consumer expectations that the economies of peripheral societies cannot fulfill. Indeed, under the pressure of these expectations the weaker economies may crumble, and instead of developing they may stagnate or decay, thereby further increasing material disparities between themselves and the pioneers of innovation in the core region of the global economy.

Although terms like international demonstration effect, relative deprivation, or, more pejoratively, cultural imperialism, are of recent vintage, the ideas underlying them go back to Thorstein Veblen, who formulated his theories of consumption and need in the first decades of this century. According to Veblen, technological innovation results in new amenities. The first beneficiaries of these are social elites, who acquire them by virtue of their power and privileged position. They then spread with "great facility" through the lower echelons of society, by the "force of emulative imitation."[9]

This element of status appears to be equally relevant in the international context. In more recent times, though, the dynamics of emulation have been enhanced by a number of psychological factors. For one thing, unlike the innovations of earlier centuries, the fruits of the modern technological and scientific revolutions have affected not just the quality, but the very quantity, of precious human life. For another, the products of these revolutions have been mediated through the particular value system of the Occident, which has created a deep sense that in some respects everyone is "in the same boat,"[10] that is to say, they all have a common entitlement to life and to its necessities.[11] It is in this broader system of understandings that Veblen's theory acquires full meaning—that consumer expectations will become "mandatory . . . staples of decency" and that falling short of such staples will become an experience of a "spiritual" character, apt to generate a deep sense of frustration.[12]

On the following pages we will trace these sources of relative scarcity

[9] Thorstein Veblen, *Imperial Germany and the Industrial Revolution*, 3d ed. (New York: Viking, 1954), 147. For Veblen's thought and the concept of the demonstration effect, see Andrew C. Janos, *Politics and Paradigms: The Changing Theories of Change in Social Science* (Stanford, CA: Stanford University Press, 1986), 84-92.

[10] W. G. Runciman, *Relative Deprivation and Social Justice* (Berkeley: University of California Press, 1966), 12.

[11] For this dimension of the IDE, see Ted Robert Gurr, *Why Men Rebel* (Princeton: Princeton University Press, 1970), 100-101. One may also refer to Jose Ortega y Gasset's notion that the dual evils of the modern world are egalitarianism and technicism. See *The Revolt of the Masses* (New York: Norton, 1957), 56-57.

[12] Veblen (fn. 9), 208.

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in the context of the international economic, political, and cultural systems of the nineteenth and early twentieth centuries. To the extent that elements of these systems may be taken as constants, we will have a model, or general theory, of the politics of backwardness in the modern world. To the extent, however, that these categories are variable, the potential for analogy will be limited, and we will require further historical examples before we can formulate a genuine theory of international income disparities applicable in a wide range of chronological and cultural settings.

The Development of Underdevelopment

By general agreement among historians and social scientists, the origins of the modern world economy go back to the great economic revolutions of Northwestern Europe between the sixteenth and nineteenth centuries. The social consequences of these revolutions may be summarized under three general rubrics: (1) the capacity to produce surplus and the subsequent expansion of markets and risk-taking entrepreneurship; (2) the increasing complexity of the social division of labor, and the attendant pressures for more rationalized and elaborate systems of administrative regulation; and (3) new forms of social consciousness, especially a sense of personal efficacy, among ever larger segments of societies. For the body politic, these changes implied the opening of new cleavages and the rise of conflicts, not only between bourgeoisie and aristocracy, but also among the new modern elements—the bourgeoisie, the bureaucracy, and the mass of common people "entering" the political process. In Britain, Holland, and the other regions that qualify as the innovative core of the modern world economy, these conflicts were resolved in two stages. In the first, the bourgeoisie emerged victorious over royal bureaucracies and traditional aristocracies. In the second, the political rights of the bourgeoisie were gradually extended to the working classes. Needless to say, these developments did not follow mechanically from the fact of technological innovation. The institutional framework for political participation was provided by the well-established norms of the Western legal tradition, and its success was made possible by the steady expansion of a resource base that permitted the incorporation of the lower classes into the political community without raising the specter of expropriation for the elites.

In the first instance, these economic revolutions referred to certain changes in agricultural production. Admittedly, the term "revolution" is somewhat hyperbolic here. For one thing, it took Flemish and British

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farmers more than a century and a half to raise cereal yield ratios of seed to harvest from 1:4 to 1:6, and yet another century, the eighteenth, to raise their yields to a critical 1:10 ratio.[13] For another thing, the improved methods of plowing, fertilizing, and crop rotation spread at a painfully slow rate of three to four miles a year from the Northwest toward the South and the East of the Continent. At this rate, the technologies invented in Holland and the Rhineland during the "long sixteenth century" (1450-1640) reached Bavaria, Saxony, Bohemia, and Central France around 1750, Hungary, Poland, and the Balkans between 1825 and 1850, and Russia still later. And since innovation in the core was not a one-time affair but an ongoing process, regions located some six to eight hundred miles from the epicenter of economic change remained some two hundred years behind the core in terms of yields per acre. Overall, the distribution of agricultural productivity and income across the Continent acquired a neatly regressive geographical pattern that transcended both climatic and cultural boundaries, and it is this pattern that enables us, by 1800, to distinguish among the three economic regions of Europe: a center of innovation in the Northwest (the Low Countries, England, northern France, the Rhineland, and a few other provinces in western Germany), characterized by high yield ratios and a commercialized agriculture; the adjacent regions, bounded in the East and South by the rivers Elbe, Po, and Loire, where agricultural innovations had made some headway, but where farming maintained a distinctive mode of production with limited reliance on wage labor; and finally the regions east and south of these lines, where the innovations of the Northwest had yet to make a dent on the traditional mode of production. Because this geographically regressive pattern of productivity and income disparity would persist up until 1945[14] (and even later), and because the economic pattern would closely correlate with patterns of authority, we are justified in designating these three sectors as the core, the semiperiphery, and the periphery of the modern European economy.

The second revolution, with its roots in the industrial breakthroughs of eighteenth-century England, is more appropriately designated as such, for the changes in the technology of production created dramatic in-

[13] Fernand Braudel, *Capitalism and Material Life, 1400-1800* (New York: Norton, 1976), 80-82; H. J. Habakkuk and M. Postan, eds., *Cambridge Economic History of Europe*, Vol. VI (Cambridge: Cambridge University Press, 1965), 85.

[14] For cereal yields in Europe before 1820, see Braudel (fn. 13), 81; E. E. Rich and C. H. Wilson, eds., *Cambridge Economic History of Europe*, Vol. V (Cambridge: Cambridge University Press, 1977), 81; for the nineteenth century, see Alan S. Milward and S. B. Saul, *The Development of the Economies of Continental Europe* (Cambridge, MA: Harvard University Press, 1977), 234, 349, 379. For the twentieth century, see League of Nations, *Agrarian Production in Continental Europe* (Geneva, 1943), esp. 86-91. See also Table 3, below.

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creases in the volume of manufactures. The amount of raw cotton processed by British factories grew from a mere 2.5 million pounds in 1760 to 22 million pounds in 1787, and then to 366 million pounds in 1837, a sixteenfold increase within a period of fifty years. The total amount of iron processed into steel by English factories was 68,000 tons in 1788. This figure rose to 250,000 tons by 1806, and 678,000 by 1830.[15] In the wake of these changes, domestic consumption grew rapidly, giving rise to a new style of life. The availability of cheap cotton "made it possible for millions to wear drawers and chemises where before there had been nothing but coarse and dirty undergarments," while the more prosperous, "impressed by the color and elegance of cotton prints learned to distinguish more and more between seasons and [to] dress for the summer in muslins and calicoes."[16] The consumption boom, of course, extended beyond textiles to "tobacco, soap, candles, spirits, beer, kitchen utensils, glassware, soap, matches, household furniture."[17] There were further changes in housing, nutrition, and hygiene, and in the process notions of luxury and staple were rapidly reevaluated. "Luxuries came to be seen as mere 'decencies,' and 'decencies' came to be seen as necessities."[18] To be sure, the distribution of these consumer gains remained highly uneven, their principal beneficiaries having been the new "middling" element that had risen from manual labor to professional status or entrepreneurship. Still, "more men and women than ever before in human history enjoyed the experience of acquiring material possessions. Objects which for centuries had been the privileged possessions of the rich came within the space of a few generations to be within the reach of a larger part of society than ever before."[19]

The dynamics of these revolutionary changes provide a convenient starting point for explaining the intricate relationship between development and underdevelopment on the Continent. Significantly, new lifestyles and patterns of consumption spread rapidly from industrial England toward the agricultural peripheries. This is amply evident from both trade statistics and from the observations of contemporaries. Within decades, British exports increased from an estimated 5 to 35 percent of British national income,[20] a figure that implied

> commerce so active and universal that in traveling from Prussia to St. Petersburg, from Amsterdam to the farthest point in Sweden, from Dunkirk

[15] Braudel (fn. 13), 282-83; Habakkuk and Postan (fn. 13), 274-75.
[16] Habakkuk and Postan (fn. 13), 313.
[17] Neil McKendrick, John Brewer, and J. H. Plumb, *Birth of a Consumer Society. The Commercialization of Eighteenth Century England* (Bloomington: Indiana University Press, 1982), 29.
[18] *Ibid.* [19] *Ibid.* [20] *Ibid.*, 51.

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> to the southern extremes of France [the traveler] was served at every turn from English earthenware. The same fine articles adorn[ed] the tables of Spain, Portugal and Italy, and provide[d] the cargoes of ships to the East Indies, the West Indies and America.[21]

Consequently, in Eastern Europe, as one observer of the Romanian principalities noted in 1828, "perfumes, champagne, glass, silverware, mirrors, matches, furniture spread rapidly among the members of the upper and middle classes."[22] Or, to quote a Hungarian writer of the same year: "With the abundance of cash people are developing new tastes every day. Silverware, so far only seen in the houses of the rich, now appears in many households. The watch, once as rare as a white crow, has now turned into an article of necessity."[23] And again, in the Balkans

> better-off households now bought some furniture and household utensils. . . . Tea, coffee, sugar were passing out of the class of luxury goods into more common use. Town-made lamps were replacing homemolded candles. [Even] in peasant homes a few books were to be found. . . . Although the amount of purchased articles found in [these] homes appeared small by urban standards, nevertheless they represented considerable change.[24]

Nor was the imitation of Western lifestyles uniquely European. Half a world away, the same patterns of consumption came to Latin America, where in the words of one observer, there was likewise "a breathless desire to be like the French and the British, . . . to dress like fashionable Europeans," to pay homage to the "intrinsic worth of the way in which Europeans went about building their houses, educating their young or spending their leisure time."[25] In Valparaiso, the shops sold "German glass and toys, American furniture, English hardware, textiles, carpets, household furniture, chinaware."[26] Or in the words of another historian: "The houses of the better classes were as replete with objects of American and European manufacture as would be true for the citizen of London or Boston."[27]

[21] Faujas de St. Fond, *Voyage en Angleterre* [Travels in England], Vol. I, 112, quoted in McKendrick et al. (fn. 17), 137.

[22] Félix F. Colson, *De l'état présent de Moldavie et de la Valachie* [The present state of Moldavia and Wallachia], Vol. I (Paris: Paulin, 1841), 210. See also Janos (fn. 9), 88.

[23] Johann von Csaplovits, *Eine Gemälde von Ungarn* [A portrait of Hungary], Vol. I (Pest: Hartleben, 1829), 254.

[24] Routh Trouton, *Peasant Renaissance in Yugoslavia, 1900-1950* (London: Routledge, 1952), 71-72.

[25] Claudio Veliz, *The Centralist Tradition of Latin America* (Princeton: Princeton University Press, 1980), 168, 172.

[26] William P. Glade, *The Latin American Economies: A Study of Their Institutional Evolution* (New York: American Books, 1969), 205.

[27] Charles Anderson, *Politics and Economic Change in Latin America* (Princeton, NJ: Van Nostrand, 1967), 22.

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Whether defined as luxuries or necessities, these patterns of consumption were incongruous with existing modes of production, and the further a region was located from the core, the greater this discrepancy would be. While in the innovative core of the world economy consumer tastes had developed as part of an organic process, and were related to an "agriculturally induced increase in home demand,"[28] on the peripheries, especially after the beginnings of the industrial revolution, expectations ran ahead of real income, and thus were apt to have adverse economic consequences. First, the "breathless desire" to acquire Western products boosted effective demand for manufactures, and may well have been one of the factors affecting the terms of trade and the relative movement of prices, to the disadvantage of primary producers in the half century before World War I.[29] In addition, this taste-induced consumer revolution was bound to lower marginal rates of saving and private investment. This tendency toward disinvestment then became the starting point for the "downward drift" of the peripheries, and the first hint that effective accumulation would have to be accomplished outside the private sector. Again, the more backward the economy, the greater would be these adverse effects. This is not to suggest that all peripheral societies, and within them all individuals, turned overnight into profligate spenders, but those who did apply consumer restraint did so at a considerable social and psychological cost to themselves, and even with stationary or slowly rising incomes felt that they were becoming poorer with every passing year.

True, most peripheral economies responded at first to the progressive redefinition of wants and needs by increasing the exports of their own primary products. To the extent that individual countries found a niche in the world economy, they experienced export booms that in turn created euphoric expectations about the opportunities inherent in trading. There was thus a "golden age" of Spanish wool, of Portuguese wine, of Hungarian and Romanian wheat, and of Serbian plums and pigs (just as there were similar golden ages for Brazilian coffee, Cuban sugar, Chilean copper, and Argentinian beef) following in the wake of the early indus-

[28] McKendrick et al. (fn. 17), 24.

[29] There is considerable scholarly debate as to whether such price movements did, or did not, actually take place, and whether higher demand for manufactures, or disproportionate increases in primary production, were responsible. According to several sources though, the relative price of primary products on the world export market fell from 100 in 1872-76 to 68.2 in 1900, and rose again to 79.4 by 1913. See Milward and Saul (fn. 14), 485-87. For the argument concerning a secular decline of primary products, see League of Nations, *Critique of Industrialization and Foreign Trade* (Geneva, 1945) and United Nations, *The Relative Price of Exports and Imports of Underdeveloped Countries* (New York, 1949). For a refutation of the argument, see Paul Bairoch, *The Economic Development of the Third World Since 1910*, trans. Cynthia Postan (Berkeley: University of California Press, 1977), 111-26.

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trial expansion of Britain.[30] But closer observation will reveal that these export booms were based on utilization of surplus land or the exploitation of existing mineral sources, rather than on intensification of production and capital investment. Consequently, the golden ages tended to be brief, and the "false euphoria"[31] of the boom years gave way quickly to a sense of malaise, self-pity, and gloom that permeates both public and literary life in these countries after the middle of the nineteenth century.

While the predicament of the peripheral societies of Europe varied with their geographical distance from the core region, in each one the progress of the Northwest had a discernible impact on the processes of class formation and social mobility. At the top of the social pyramid, the large producers in countries like Spain, Portugal, Russia, Hungary, Romania, and Poland (much like the *estancieros* of Latin America) could hold on to their property and keep pace with changing lifestyles, but they could not consume and save at the same time. Increased production and income, therefore, could only be attained by tightening the working conditions of the labor force, and by depressing real wages. Thus, while at first, during the great euphoria of the "golden" years, many latifundiary aristocrats embraced, or at least did not oppose, such liberal reforms as the abolition of serfdom, by the second half of the nineteenth century, most of them had reemerged in politics as the hard core of a conservative pressure group lobbying persistently for greater "social discipline," protection from the vagaries of the market, and the restoration, in one guise or another, of the status quo ante with respect to labor relations. Intriguingly, therefore, the mode of production and the labor economy of the continental large estate froze into the pattern that had existed in the first half of the nineteenth century and retained this mode until the middle of the twentieth century. In the semiperipheral regions this mode entailed sharecropping, seasonal labor, and various modifications of wage labor, in which peasants rented a piece of land in exchange for working a number of days per year on the owner's land.[32] In the South and East then, we

[30] For Latin America, see Veliz (fn. 25), 26, 120-24. For Spain, Richard Herr, *The Eighteenth Century Revolution in Spain* (Princeton: Princeton University Press, 1958), 120, 146-47. For Eastern Europe, see Jozo Tomasevich, *Peasants, Politics, and Economic Change in Yugoslavia* (Stanford, CA: Stanford University Press, 1955), 63. For Eastern Europe, see Andrew C. Janos, *The Politics of Backwardness in Hungary, 1825-1945* (Princeton: Princeton University Press, 1982), 36-37; Robert Seton-Watson, *History of the Roumanians* (Cambridge: Cambridge University Press, 1934), 211; Stefan Zeletin, *Burghezia română: origina şi rolul ei istoric* [The Romanian bourgeoisie: Its origins and role in history] (Bucharest: Editura Cultura Naţională, 1925), 47.

[31] Celso Furtado, *The Economic Growth of Brazil* (Berkeley: University of California Press, 1963), 97-98.

[32] These patterns apparently prevailed in the German lands between the Weser and Elbe, and in Austria, Tuscany, and central France, among other regions of the Continent. See Max

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find an increasing tendency toward payments in kind and a "mixture of freedom and serfdom that was the legacy of the past."[33] The Romanian Constantin Dobrogeanu-Gherea appropriately termed this condition "neoserfdom."[34] The "solution," in any event, "was to exploit the peasant more intensely." In the end, "good or bad landowners were an irrelevance, for losses made them all exploiters,"[35] being themselves imprisoned within a structure that pushed them toward repressive social and economic policies.

Still more desperate, however, was the condition of the middle strata, above all of the agrarian middle class. In the absence of large tracts of land, the lesser landowners could maintain a decent style of life only at the expense of mortgaging, and eventually losing, their estates. Again, not all of them did so, but those who did not turned themselves into *déclassés* in comparison with the middle classes of the core countries. Max Weber describes this progression in one of his early works.[36] Such a fate befell the Polish *szlachta*, the Hungarian *dzsentri*, the lesser boyars of Romania, the middle *dvoryanstvo* of Russia, the petty nobles of Portugal and Spain; their demise has been the staple of literary works from the Iberian peninsula to the Russian plain. Quite often the troubles of these classes have been attributed to their heroic-military traditions, which supposedly prevented them from adapting to the rationalism of the market mechanism. This, however, is contradicted by the fact that the majority of the non-noble middle classes—the artisans and merchants of the pre-industrial age—perished together with them, and their sons became, side by side with the landed gentry, part of the same free-floating intelligentsia that a Romanian contemporary contemptuously described as a "proletariat of the pen."[37] These terms refer to the educated segment of society, but what provided this group of people with a common identity was not so much their education as their common desire to find status and security as a political class in the service of the state. Much as in the countries of the non-European world, "for these groups without space or status . . . a government job was not only an alternative, it was a virtual imperative."[38] In many countries, however, such jobs were not available for the simple rea-

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Weber, "Die Verhältnisse der Landarbeiter im ostelbischen Deutschland" [The condition of agricultural laborers in Germany east of the Elbe], *Schriften des Vereins für Sozialpolitik* 55 (1892), 795-99. See also Wallerstein (fn. 1), esp. 103-7.

[33] Weber (fn. 32), 797.

[34] The term first appears in his *Neo-iobagia* [Neoserfdom] (Bucharest: Minerva, 1912).

[35] Milward and Saul (fn. 14), 343-44.

[36] See Reinhard Bendix, *Max Weber* (Berkeley: University of California Press, 1977), 31-32.

[37] The poet Mihaí Eminescu, quoted in Zeletin (fn. 30), 142.

[38] Anderson (fn. 27), 224.

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son that no nation-state existed as yet. In these countries the bankrupt gentry and the failing native merchant class became, under the banner of Western liberalism, the principal protagonists of political reform and national independence. Thus while the history of the modern Western state may well be described as one of the rising middle classes in quest of larger, national markets, the history of the peripheral states is one of the declining middle classes trying to escape the vagaries of the market and hoping to find safe haven in political, rather than economic, entrepreneurship.

As the old middle classes of the peripheries were transforming themselves into political entrepreneurs, the less desirable and more risky economic functions were gradually taken over by immigrants and members of low-status ethnic communities. In this process we see the reverse side of Veblen's hypothesis, for if high-status expectations undermine the propensity for saving, low-status expectations encourage it. Thus from country to country we can witness not only the decline of the old, but also the rise of a new "pariah" middle class.[39] In the semiperipheral regions, this form of entrepreneurship was largely restricted to money management, but as we proceed on the map toward the South, and especially toward the East, we find that more and more economic functions—including the management of large estates—are concentrated in the hands of ethnic entrepreneurs. In Russia, Poland, Hungary, and Romania, these entrepreneurs were largely drawn from Jewish immigrant communities, whose members replaced classes of German entrepreneurs long settled in these countries. In the Balkans, the cabal of modern entrepreneurs, the *čarsija*, was mostly Armenian and Greek, the latter mainly immigrants from the districts of Girokaster and Korca, who, incidentally, were replacing an earlier generation of Phanariot Greeks. In Bulgaria, by the end of the nineteenth century only a minority of merchants and artisans were natives, the majority were Armenians, Turks, and Sephardic Jews.[40] In Serbia, more than two-fifths of the urban bourgeoisie was of Albano-Greek, or Tsintsar, origin.[41] In Iberia, this form of entrepreneurship was somewhat more limited, but even in Spain we can discern the influx of Levantine entrepreneurs, while in Portugal, English, Hansa, and French

[39] For this term, see Fred Riggs, *Administration in Developing Countries* (Boston: Houghton Mifflin, 1966), 188-93.

[40] See, among others, Nicholas Spulber, *The State and Economic Development in Eastern Europe* (New York: Random House, 1966); Hans Schuster, *Die Judenfrage in Rumänien* [The Jewish question in Romania] (Leipzig: Felix Meiner, 1939); Trouton (fn. 24), 53-54; S. S. Bobchev, "Commercial and Economic Groups," in Doreen Warriner, ed., *Contrasts in Emerging Societies* (Bloomington: Indiana University Press), 223, 227-28.

[41] Dušan J. Popović, *O Cincarima* [About the Tsintsars] (Belgrade: Gregorivić, 1937), 83-84, 318-480.

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traders were rapidly replacing native merchants in the beginning of the nineteenth century.[42]

State and Society on the Periphery

The impact of the Occident on the periphery was not purely material: it was cultural and political as well. People there were not only eager to eat, dwell, and dress, but also to write, paint, and think like Westerners. The Hungarian István Széchenyi, the Romanian Constantin Golescu, the Serbian Vladimir Jovanović, all of them great figures of an epoch of national renovation, gave rapturous accounts of their travels to Western countries and contrasted these countries' virtues with the backwardness of their homelands and the indolence of their countrymen. Széchenyi complained bitterly about "dust and mud everywhere" on the great "Hungarian fallow,"[43] while the Pole Jan Dombrowski in an oft-cited bon mot vowed to die for his fatherland any day, as long as he could spend his remaining days in Paris rather than in the backwater of his own sprawling estates. In the Balkans, one prominent observer noted, "the nations genuinely accepted the proposition that theirs was not a civilized society."[44] And so it went, a seeming paradox in an age of fervent nationalism. In reality, this nationalism also mandated that the societies of the periphery emulate the symbols and accomplishments of a few Western nations that had succeeded in universalizing the validity of their own unique historical experience.

Nothing testifies more eloquently to the dominance of Western culture than the eagerness with which Western political institutions were imitated during the century between the Napoleonic age and World War I. First in the long line of these imitators were the newly independent nations of Latin America, followed by the Iberian countries, and then by the countries of Eastern Europe, just emerging from under Ottoman and Habsburg tutelage. Ironically, the institutions of these states were sometimes more liberal and democratic than the models themselves. The Portuguese constitution of 1822, the Bulgarian constitution of 1879, or the Serbian constitution of 1889 are cases in point, with their provisions for universal suffrage and vast powers vested in the elective branch of government.[45] In the nineteenth century, Russia alone among the European

[42] Peter Weber, *Portugal: Räumliche Dimension und Abhängigkeit* [Portugal: Spatial dimension and dependency] (Darmstadt: Wissenschaftliche Buchgesellschaft, 1982), 5.

[43] Gyula Szekfű, *A mai Széchenyi* [Topical Széchenyi] (Budapest: Magyar Szemle, 1934), 243.

[44] Vasa Čubrilović, *Istorija političke misli u Srbiji XIX veka* [History of nineteenth-century Serbian political thought] (Belgrade: Prosveta, 1958), 288.

[45] Stanley G. Payne, *A History of Spain and Portugal*, Vol. II (Madison: University of Wis-

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countries had no parliamentary government. But even there concessions were made to the principle of popular sovereignty in 1905 under the pressure of revolutionary events.

In the long run, however, far more consequential than the introduction of parliamentary government was the building of modern bureaucracies based on impersonal rules, professional standards, formal ranks, and, ultimately, security of employment. Much like parliamentarism, the establishment of modern bureaucracies was spurred by the desire of elites to conform with "civilized" international standards. But the process of bureaucratization was further propelled by class interest, above all by the desire of the educated classes to find dignified salaried employment, and thereby to avoid the rough-and-tumble of economic life. Thus the systems of public administration not only changed their character, but expanded at an alarming pace, or at any rate at a pace much faster than in England and in the Northwest of the Continent. The definition of a bureaucrat varies, and hence so do estimates of the actual size of public employment. According to one source, however, it exceeded 5 percent of the labor force in every peripheral country examined—compared to 2.4 percent for Germany and 1.5 percent for England—with 25 to 39.4 percent of the budgets being earmarked for civilian salaries.[46] The truly troublesome aspect of the process of bureaucratization was not that there were many more administrators than were justified by existing levels of social complexity, but that their expectations, shaped by foreign examples, were incongruous with the underlying economic base. Inevitably, in response to these pressures, the new nation-states became instruments of revenue raising as well as of income transfer from the societies at large to the new bourgeoisie of state officials.

These demands on scarce resources were compounded by the fiscal exigencies of national defense. While available statistics on national income and expenditures per capita are less than perfect, they do allow us to discern the pattern of overconsumption or overspending in the peripheral states. As Table 1 shows, in 1880, the peripheral states of Europe spent on average 73.4 percent of the amount per capita spent by the core states; in 1890, 69.4 percent; in 1910, 44.7 percent. At the same time their per capita incomes may be estimated at about 30 percent of average income in the core societies. These percentages are derived from figures unadjusted to the purchasing power of the American dollar. If we use the available, and admittedly crude and fragmentary information on price indices, as we

consin Press, 1973), 518; Joseph Roucek, *Balkan Politics* (Stanford: Stanford University Press, 1932), 58; and W. H. Harold Temperley, *History of Serbia* (London: Bell, 1917), 276.

[46] John R. Lampe and Marvin R. Jackson, *Balkan Economic History* (Bloomington: Indiana University Press, 1982), 233, and Janos (fn. 30), 95.

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TABLE 1
INCOME PER CAPITA AND STATE EXPENDITURES, 1880-1910
(INTERNATIONAL UNITS AND U.S. DOLLARS)

	Income per Capita (IU's)[a]		*State Expenditures per Capita (U.S. $)*					
	Ca. 1910/13	*% of Core*	*1880*	*% of Core*	*1890*	*% of Core*	*1910*	*% of Core*
Core Countries								
U.S.[b]	1,211		6.4		5.8		9.4	
Canada	1,182		7.8		7.5		12.2	
Britain	1,072		11.9		11.2		17.1	
Netherlands	975		11.3		14.8		14.1	
Australia	742		—		—		38.2	
New Zealand	866		—		—		44.5	
Average	1,008	100.0	9.4	100.0	9.8	100.0	22.6	100.0
Semiperiphery: Small Countries								
Switzerland	764		2.8		4.4		8.3	
Denmark	688		6.9		7.7		13.7	
Norway	522		6.9		6.2		13.2	
Sweden	567		4.5		5.2		11.3	
Average	635	63.0	5.3	56.4	5.9	60.2	11.6	51.3
Semiperiphery: Large Countries								
Austria-Hungary	352		9.8		15.6		24.7	
France	786		17.5		16.6		21.1	
Germany[b]	829		16.2		22.2		33.9	
Italy	410		9.7		12.1		14.2	
Average	594	59.0	13.3	141.5	16.6	169.4	23.4	103.6
European Periphery								
Bulgaria	317		9.2		5.3		7.7	
Greece	383		10.6		7.9		10.0	
Portugal	310		8.0		11.6		14.3	
Russia	306		3.5		3.6		8.3	
Romania	298		5.3		6.1		12.9	
Serbia	271		2.5		4.1		7.7	
Spain	511		9.3		8.7		10.1	
Average	342	33.9	6.9	73.4	6.8	69.4	10.1	44.7
Latin Periphery								
Argentina			10.6		23.8		24.9	
Brazil			—		5.7		4.7	
Chile			14.4		27.6		21.3	
Costa Rica			16.5		12.7		8.6	
Cuba			—		—		18.8	
Uruguay			16.0		21.3		23.8	
Average	350[c]	34.7	14.4	153.2	18.2	185.7	17.0	75.2

Sources: Income per capita, Colin Clark, *The Conditions of Economic Progress* (London:

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Sources for Table 1 (*cont.*)
Macmillan, 1940), 40, 87, 98, 109, 129, 131-32, 136, 139, 141, 144, 146, 148, 151. State expenditure per capita, Arthur S. Banks, *Cross-Polity Time-Series Data* (Cambridge, MA: MIT Press, 1974), 99-136.

[a] Income per capita in IU's defined as "the amounts of goods and services which one dollar would purchase in the U.S., 1925-34." All IU figures refer to the working population (labor force, employed or unemployed). Expenditures in U.S. dollars are unadjusted to purchasing parities.

[b] Figures for the U.S. and Germany adjusted to reflect budgets of states and Länder respectively. Adjustment on the basis of information and averages in Thomas F. Borcherding, *Budgets and Bureaucrats: The Sources of Government Growth* (Durham, NC: Duke University Press, 1977), 27: *Vierteljahrhefte zur Statistik des deutschen Reichs*, 1902, No. 2, 257; 1914, No. 2, 123.

[c] Estimated to be "in the category of 300-400 units," Clark, 53.

have done in Table 2, then the disparities between core and periphery (as well as between the small and large countries of the semiperiphery) will be still more pronounced. Insofar as relative spending in the peripheral societies shows a declining trend, this does not so much reflect a lessening appetite for public spending as the gradual exhaustion of revenue bases and the shrinking sources of foreign credit. (It also reflects the beginnings of welfare-oriented, redistributive state spending in some of the core societies, the budgets of which serve as the baseline for our comparisons.)

Faced with this obvious gap between the needs of their states and the structure of the underlying economies, the political classes first attempted to deal with the problem by foreign borrowing. Thus the debts of these states, virtually nonexistent in the 1860s, began to accumulate in the 1870s, to reach extraordinary proportions in the following decades.[47] Borrowing, however, could only postpone the need for more tax revenue, and when the governments finally set about raising taxes, they did so by exceedingly harsh means. In Eastern Europe, as well as in Iberia, tax collection drives sometimes took the form of military campaigns, in the course of which troops would occupy entire villages, search the houses of delinquent taxpayers, and proceed to remove anything of value. Even short of such methods, revenue raising remained a brutal business that generally relied on arbitrary assessments or levies on such staples as salt, kerosene, liquor, and tobacco—a system of indirect taxation invented by ministers of finance in peripheral countries, for example, Vyshnegradsky and Witte in Russia, or Wekerle in Hungary. Where the design was effective, it

[47] In 1910, Portugal led the way with foreign indebtedness of 661.1 gold francs per capita. Next came Spain (498.6), Italy (368.5), Greece (328.0), Romania (299.6), Serbia (238.8), and Russia (186.8), in all of which per capita national income varied between 200 and 400 francs. By 1900, some 20 to 35 percent of budget revenue was used to service these debts, and new loans had to be contracted to pay the interest on the old. See Milward and Saul (fn. 14), 444; L. S. Stavrianos, *The Balkans since 1453* (New York: Holt, Reinhart & Winston, 1958), 419; Lampe and Jackson (fn. 46), 160, 232-35.

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TABLE 2
RELATIVE STATE EXPENDITURES IN U.S. DOLLARS, 1910
(ADJUSTED TO PURCHASING POWER PARITIES)

	Multiplier Coefficient[a]	*Adjusted State Spending per Capita*	*Percent of Core*
Core Countries			
U.S.	1.000	9.4	
Britain	1.075	18.4	
Netherlands	1.266	17.9	
Australia	0.794	30.3	
Average		19.0	100.0
Semiperiphery: Small Countries			
Switzerland	0.926	7.7	
Denmark	0.962	13.2	
Norway	0.833	11.0	
Sweden	0.926	10.5	
Average		10.6	55.8
Semiperiphery: Large Countries			
Austria-Hungary	1.353[b]	33.4	
France	1.429	30.2	
Germany	1.163	39.4	
Italy	1.030	14.6	
Average		29.4	154.7
Periphery			
Turkey	1.266	n.a.	
Greece	1.886	18.9	
Spain	1.613	16.3	
Poland (Russia)	1.923	16.0	
Average		17.1	90.0

Source: Colin Clark, *The Conditions of Economic Progress* (London: Macmillan, 1940), 51.
[a] The purchasing power of one dollar in 1925 in given country.
[b] Calculated from Austrian, Hungarian, and Czech figures.

would transfer income from the public at large to the political classes. Where, as in the Balkans, governments eschewed such highly regressive tax systems, or where, as in Romania and Russia, the system of collection remained ineffective, the revenues would be collected anyway by individual bureaucrats, who used the power of their office to extort bribes that would keep them in a style they regarded as commensurate with their social status. In either case, the peripheral state became a grand instru-

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ment of income equalization, not, to be sure, among the various economic strata of peripheral societies, but between the elites of the backward and the advanced industrial societies of the Continent.

Not surprisingly perhaps, these methods of income transfer, and the resultant pattern of income inequality, engendered widespread opposition by the taxpaying public. To forestall it, peripheral bureaucracies began to use their administrative leverage to elect candidates sympathetic to their view of the raison d'état. Over the years, the incidents of administrative pressure and fraud multiplied, but around 1875, perhaps in the wake of the downturn in agrarian prices that affected the whole continent, these methods became pivotal to the functioning of political machines. These machines enabled the bureaucratic arm of government, usually under liberal and progressive labels, to turn out predictable majorities, thereby debasing parliamentarism without abandoning it.

The story of these machines, and the corruption of the electoral systems, shows striking similarities from country to country. One of its first examples can be found in Spain, where the disorderly "praetorianism" of the mid-nineteenth century was liquidated by the Liberal Unionist machine of Premier Leopold O'Donnell (1856-1863).[48] It was from his premiership onward, one historian notes, that we can no longer speak of a "parliamentary system with abuses, for abuse became the system itself."[49] In this new system, which was to survive until the 1930s, ministerial changes preceded rather than followed elections: the ministry set up a slate of "official candidates," many of them drawn from the public administration, who were then duly returned with the help of the administrative machine, headed by the minister of the interior.[50] Much in the same vein, the liberal constitution of Portugal was debased toward the end of the century. Under the regime of Premier João Franco (1906-1908), the slogan of the government became *pouca politica, muita administracão* (little politics, much administration).[51] Elections lost their meaning, especially in the countryside. Indeed, except for Lisbon and Porto, majorities were regularly "made" with little regard for public opinion in the country.[52]

Half a continent away, a nearly identical system was set up in Hungary by Premier Kálmán Tisza (1875-1890). In this system, about 160 of the 413 constituencies of the House of Representatives, inhabited by non-

[48] Raymond Carr, *Spain, 1808-1939* (Oxford: Clarendon Press, 1966), 211, 256.
[49] *Ibid.*, 256.
[50] *Ibid.*, esp. 210-56, 347-49.
[51] Payne (fn. 45), 555.
[52] A. H. Marques de Olivera, *History of Portugal* (New York: Columbia University Press, 1972), 53.

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Hungarian national minorities, were turned into rotten boroughs, in which election results were regularly rigged by the bureaucracy. The beneficiary of this rigging was Tisza's Liberal Party, which due to this advantage became an established government party, winning majorities regularly. In 1918 the old system collapsed, but was soon resuscitated by Premier István Bethlen (1921-1931), whose Unitary Party replaced the old liberals and won successive majorities by maintaining a system of open balloting in 199 rural constituencies, while conceding some of the 46 urban districts to the parties of the opposition.[53] The experience of neighboring Romania was similar. In 1876, Premier Ion "I.C." Brătianu set up a political machine to the benefit of his Liberal Party. Within the machine, the prefects of the counties (*judeţe*) were turned by Brătianu into "petty satraps," whose activities made it "exceedingly difficult to agitate against the government . . . even for members of the boyar class."[54] Thus, according to another historian, "as the power of the salaried bureaucracy increased, so did in proportion the power of the landed class decrease."[55] In Hungary, the rigging of elections was confined to constituencies inhabited by minorities (and later, to the countryside), but in Romania, the system of "engineering" results by pressure or fraud was universal. In consequence, parliament was usually dominated by a single party, faced only by the token opposition of a handful of deputies.[56]

In the Balkans, Premier Iovan Ristić of Serbia "gathered around those liberals who were willing to accept his bureaucratic way of operating," and created a machine to "prevent the formation of true political parties."[57] In Bulgaria, a country extremely proud of its democratic constitution, Stefan Stambulov's liberals created an administration so tightly organized that "not even a bee could hum" without the knowledge of the premier.[58] The regime relied on "prefects, municipal councils and a political machine of hired thugs and rumor mongers to create an atmosphere of fear," in order to dissuade the majority of voters from casting ballots against his government.[59] Under Stambulov only 5 percent of the electorate went to the polls, but the official record showed the participa-

[53] Janos (fn. 30), 98-101, 212-13.

[54] Seton-Watson (fn. 30), 354.

[55] Zeletin (fn. 30), 77.

[56] G. D. Nicolescu and A. Hermely, *Deputaţii noştri, 1895-99* [Our deputies, 1895-99] (Bucharest: Muller, 1899); G. D. Nicolescu, *Parlamentul român* [The Romanian parliament] (Bucharest: Socec, 1903); Corrin Petrescu, *Albumul corpurilor leguitoare* [The almanac of the legislative bodies] (Bucharest: Unirea, 1910).

[57] Gale Stokes, *Legitimacy through Liberalism. Vladimir Jovanović and the Transformation of Serbian Politics* (Seattle: University of Washington Press, 1975), 221.

[58] Beaman A. Hulme, *Stambuloff* (London: Bliss, 1895), 63.

[59] Slobodan Stoianovich, "Social Foundations of Balkan Politics," in Charles and Barbara Jelavich, eds., *The Balkans in Transition* (Berkeley: University of California Press, 1963), 322.

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tion of two-thirds of those eligible.[60] Russia alone had no political machine, for until 1905 no parliament existed, and after 1905 its constitutional powers were so limited that hostile majorities could have little effect on public policy.

Overconsumption and political corruption, however, do not tell the entire story, for the elites of the peripheral countries were not impervious to the existence of broader national needs, above all, the need for material progress. As political classes, these elites were dependent on the power and prestige of the state—attributes that required a steadily expanding economic base. Thus, from the very inception of statehood, political classes responded to the exigencies of development by a set of policies often described as "neoliberal."[61] Awkward as this designation may seem, it does capture the essence of the policy. For although the qualifier "neo" tells us that the states were now ready to interpose themselves between domestic and international markets, and to justify the repression of political freedoms by the need for material progress, they remained "liberal" in two significant ways. One, they accepted the legitimacy of markets as distributive instruments of last resort. Two, even at their most oppressive, they maintained some commitment to procedural norms and the objective standards of a legal state, in part because these norms were regarded as the main symbols of "civilized conduct," and in part because of an instinctive understanding that markets could not function effectively in the absence of a system of law. It was mainly on account of these understandings that radical opponents of the regimes—even assailants and would-be assassins of prefects, prime ministers, and kings—could find protection in the courts of law, or that radical students could seek refuge from the police under the shield of the autonomy of universities.

The policies of development, however, became the source of yet another form of strain on these already overburdened economic systems. In order to pursue them effectively, the governments needed funds to create expensive infrastructure—mostly railroads—and then to lay down the foundations of an industrial economy. Foreign capital could do part of the job, and to attract it the governments had to subsidize profit rates directly by grants and indirectly by guaranteeing the flow of cheap comestibles to the industrial labor force. Some governments, namely Serbia and Bulgaria, wavered, but most dealt with the problem by shifting the costs of development to the agricultural sector, and within it, to the agricul-

[60] *Ibid.*, 322.

[61] Stefan Zeletin, *Neo-liberalismul: studii asupra istorei si politicei burghezei române* [Neoliberalism: Studies in the history and politics of the Romanian bourgeoisie] (Bucharest: Pagini agrare şi sociale, 1927), 10-12.

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tural proletariat. This was accomplished by the heavy protection of low-quality domestic manufactures, including textiles and producers' goods required by agriculture. Further, strikes by agricultural laborers were prohibited, and other draconian measures were imposed, such as the Hungarian and Romanian laws that made the breach of labor contracts punishable by heavy fines and imprisonment.

In the short run, these policies may be said to have borne some fruit, for many peripheral countries experienced a spurt of industrial development between 1890 and 1910. In the long run though, they exacted a heavy price, for they produced demoralized, alienated, and rebellious rural populations. Indeed, from the 1890s onward, the frustrations of the peasantry kept the societies of the European periphery in a virtual state of civil war.[62] "The horrors wreaked by the Rumanian peasantry [in 1907], the bloodthirsty land struggles of Ireland, Galicia and Andalusia, the turmoil in Russia,"[63] the persistent violence on the Hungarian plain,

TABLE 3
YIELD OF CEREALS BY REGION, NW/SE AXIS
(METRIC CTW/HA)

	1913	*1928*	*1936*
Netherlands	26.7	25.1	25.5
Belgium	24.3	26.5	26.2
Germany, West	22.5	22.9	22.7
Denmark	21.0	22.8	22.4
France, Northeast	19.9	26.3	18.9
Italy, North	19.4	16.8	n.a.
Germany, East	18.5	17.0	16.5
Sweden	17.9	19.9	20.6
Bohemia (Czech lands)	17.9	16.1	15.6
Austria	15.6	14.3	14.5
Hungary	15.7	15.3	13.6
France, South	11.7	11.5	11.3
Romania	11.7	10.0	11.1
Italy, South	10.5	9.0	n.a.
Poland	10.5	10.1	9.6
Yugoslavia (Serbia)	9.9	13.2	12.2
Spain	8.0	8.3	8.3
Bulgaria	6.8	11.7	13.3

Source: Except for Sweden, based on League of Nations, *Agrarian Production in Continental Europe* (Geneva, 1943), 86-91. For Sweden average of winter wheat, rye, and barley in *Historik Statistik för Sverige* (Stockholm, 1959), 60.

[62] Milward and Saul (fn. 14), 227-29.
[63] Habakkuk and Postan (fn. 13), 461.

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TABLE 4
NATIONAL INCOME GROWTH PER CAPITA OF WORKING POPULATION
(INTERNATIONAL UNITS)

	Ca. 1910	*Percent of Core*	*1925/34*	*Percent of Core*	*Percent Change 1910-1925/34*
Core Countries					
U.S.	1,211		1,368		
Canada	1,182		1,337		
Britain	1,072		1,069		
Netherlands	975		855		
Australia	742		1,016		
New Zealand	866		1,202		
Average	1,008	100.0	1,141	100.0	13.2
Semiperiphery: Small Countries					
Switzerland	764		1,018		
Denmark	688		680		
Norway	522		596		
Sweden	567		696		
Average	635	63.0	748	65.6	17.8
Semiperiphery: Large Countries					
Austria-Hungary	352		386[a]		
France	786		684		
Germany	829		646		
Italy	410		343		
Average	594	59.0	515	45.1	−13.3
European Periphery					
Bulgaria	317		289		
Greece	383		397		
Portugal	310		342		
Russia	306		267		
Romania[b]	298		238		
Yugoslavia[b]	271		327		
Hungary[b]	274		359		
Spain	511		550[c]		
Poland	320		281		
Average	332	32.9	339	29.7	2.1

Source: Colin Clark, *The Conditions of Economic Progress* (London: Macmillan, 1940), 40-42, 77, 85, 87, 91, 98, 109, 126, 131-32, 135-36, 139-44, 148, 151.

[a] Former territory.

[b] Substantial territorial changes.

[c] Estimated to be "in the category 500-600 units," Clark, 42.

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and the periodic outbursts of peasant fury in Serbia, were all responses to a declining or stagnating rural standard of living, and to contain them governments were forced to redirect some of their resources to create new instruments of coercion. All over the European South and East, the countryside was turned into an armed camp, as governments organized special forces of rural gendarmes that, with their military uniforms, equipment, and tactics, were not so much conventional constabularies as armies of occupation within their own nations. The exact cost of this repression is hard to measure. But force and counterforce were likely links in a chain of causality that led first to the stagnation, then to the decline, of agrarian production throughout the South and the East (including East Prussia and Southern France). In the long run, this decline could not be offset even by the rise of new industrial economies, and would be reflected in the persistence of the pattern of regional income distribution that had been evident since the seventeenth and eighteenth centuries.

Between Core and Periphery

So far, we have focused on economic and political contrasts between the European core and its periphery. Between these two regions, however, we have also recognized the existence of a third, the semiperiphery, the experience of which is congruent with neither the core nor the peripheral model. As we noted above, this region—encompassing much of France and Germany, Northern Italy, Switzerland, Austria, Bohemia, and the Scandinavian countries—was exposed to the agrarian innovations of the core region prior to the critical period from 1780 to 1830. Its agrarian economy thus could best be described as semideveloped. This term implies a higher degree of labor productivity than in the peripheral regions (but lower productivity and capital intensity than in the core) and, at the same time, the prevalence of semicapitalist enterprise, above all the mixing of wage labor with more traditional forms of labor exploitation. Given these forms, the agrarian proprietors of the semiperiphery were not like the traditional seigneurs and peasant farmers of the periphery. Yet they were not an agrarian bourgeoisie either; they retained a separate identity, the survival of which was perhaps best reflected in the rise and continued existence of self-labeled agrarian parties in politics.

This experience of the agricultural economy set the stage for a distinct pattern of industrial development. Contrary to Gerschenkron's famous argument about France and Germany,[64] the role of the state in this pro-

[64] Gerschenkron (fn. 6), 12-13.

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cess was far from negligible. But state intervention left sufficient room for private initiative which, as Gerschenkron correctly points out, had a strong "finance capitalist" component[65] in that much of the investment in infrastructure and heavy industry came from private savings, channeled into the economy by a highly developed banking system. This institutional device was a logical response to the needs of the semiperipheral economies, as well as to the unique opportunities they afforded. On the one hand, these areas were less developed than the core: this created pressures to "catch up," and hence the need for larger concentrations of capital than the individual entrepreneur could provide. On the other hand, the semiperiphery possessed a more developed agricultural sector than the peripheral regions, which made it possible to rely on voluntary savings. The brothers Péreire, who invented the *crédit mobilière*, had to invent it in this economic setting. Their invention would have been superfluous in England, and meaningless in, say, Bulgaria or Russia, where the rate of personal savings was low, and where, as Gerschenkron tells us, business ethics were too weak to inspire confidence on the part of institutional lenders.[66]

This pattern of development created its own peculiar contradictions and social cleavages. The autonomous development of the agrarian sector, and the participation of private capital in the rise of the industrial economy, created a bourgeoisie and civil society much stronger and more differentiated than on the periphery of the Continent. Nowhere does this difference become more obvious than in some of the great social novels of the semiperiphery and the periphery, in comparisons between the characters in Mann's *Buddenbrooks*, Balzac's *Les illusions perdues*, or Stendhal's *Le rouge et le noir* on the one hand, and the heroes of Chekhov's *Cherry Orchard*, Tolstoy's *Anna Karenina*, or Goncharov's *Oblomov* on the other. If the first set of novels describes an ascendant bourgeois society, the second portrays bureaucrats, landowners, military officers, impoverished peasants, and scoundrel entrepreneurs. At the same time, the bourgeoisie and the civil societies of the semiperiphery were more ambivalent and weaker than their counterparts in Britain. In part, this was simply due to the competitive disadvantage these semideveloped economies faced in trying to carve out for themselves a slice of the global market dominated by Britain. But this weakness was further compounded by the fact that, unlike those of Britain, the propertied classes of the Continent were split—between agriculture and industry, between finance capital and

[65] *Ibid.*
[66] Gerschenkron (fn. 6), 19-20.

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family enterprise, as well as between the "ethnic" and the "native" entrepreneur—into groups that viewed themselves with a "mutual incomprehension"[67] that left public opinion and parliaments "too divided to parcel out the contested social product."[68] Consequently, while bureaucratic-military machines would never gain the same ascendancy as in Southern and Eastern Europe, they were strong enough to insulate large areas of public affairs from the jurisdiction of parliaments.

This rough equilibrium between state and society, between political and economic classes, was institutionalized in different ways, reflecting the particular traditions and histories of individual countries. In republican France, and under the constitutional monarchy of Italy, bureaucracies exercised their powers de facto, by moving into the political vacuum created by parliamentary *immobilisme*. While no laws existed to this effect, public finance, defense, and the administration of colonies were largely left to professional officers and civil servants. In imperial Germany and Austria, the division between civil societies (represented in parliaments) and the bureaucratic-military structure of dynastic states was a matter of constitutional law. While in both countries the monarchies recognized parliaments with liberal suffrage and clean elections, they also reserved for themselves vast prerogatives with respect to defense and foreign affairs. Likewise, we find elements of this constitutional dualism in Scandinavia in the first half of the nineteenth century, in that the monarchies still exercised traditional powers over the appointment of ministers and the conduct of war, while the interests of the political classes were manifest in weak attempts to retain control over territories (Schleswig-Holstein, Norway) that had been acquired during an earlier period of dynastic absolutism.

By its very nature, however, this equilibrium between political and economic classes, bureaucracies and civil societies, was tenuous, and it began to tilt in one direction or another in the second half of the nineteenth century, producing two different political outcomes. In their attempts to explain these differences, historians as well as social scientists have usually turned to variations in the social structure or cultural makeup of individual countries. The presence and survival of traditional economic and social sectors appears to be a particularly appealing hypothesis.[69] Still, we

[67] Peter N. Stearns, *Paths to Authority: The Middle Class and the Industrial Labor Force in France, 1820-1948* (Urbana: University of Illinois Press, 1978), 54.

[68] Charles S. Maier, *Recasting Bourgeois Europe* (Princeton: Princeton University Press, 1975), 353.

[69] It should be noted that the semiperiphery is primarily an economic concept, and that only a few of the continental governments presided over "pure" semiperipheral economies. The main culprit here was ethnic nationalism, the rise of which lumped together regions with dif-

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may do better overall by approaching the problem within the context of state interaction with the international political environment. Specifically, variations in political outcomes may successfully be linked to the size of a given country and its power potential within the international system. On one end of this spectrum, the elites of the smaller countries were constrained in their choices by a rational assessment of their relative inability to manipulate the international system. The Swedish elites may have come to this conclusion as early as the Napoleonic wars, the Danish after the war with Prussia in 1864. These experiences may well have persuaded the respective political classes that they should improve conditions in their countries not by waging war, but by helping the rising bourgeoisie to adjust to the vagaries of global markets. Thus, over the years, public policy moved through successive stages of economic liberalism, neomercantilism, and finally welfare etatism.

This was not the case, however, in the major countries of the semiperiphery, in Germany, France, Italy, and, until 1918, Austria. In these larger and potentially more powerful entities, the political classes could reasonably entertain the strategic alternative of improving their position not by adjusting *to* the rules of the market, but by adjusting the very rules of the economic game by military and political means.[70] The political classes of these societies could not, however, have carried out this strategy on their own. In order to pursue it effectively, they needed allies, and to find them they offered the struggling entrepreneurs of their countries both protection from socialist harassment and a heroic vision of a new continental order in which their bourgeoisie could compete on its own economic terms. In times when the economy was good, the bourgeois classes resisted these blandishments, but in times of hardship, entrepreneurial support for parliamentarism eroded quickly, producing periodic "migrations of bourgeois republicans to the Right over economic and social issues."[71] As the crisis deepened, this "free-floating Right" joined hands with the political classes of the state to form a Bonapartist dictatorship under the leadership of a heroic figure, who promised to raise, or to

ferent economic characters solely because their inhabitants spoke the same language. Thus the heartlands of both the German and the French economies were semiperipheral, but they coexisted uneasily with core-type economies in the Northwest, and peripheral-type economies in the South and East of the two countries respectively. In Italy, a semiperipheral North faced an undeveloped, peripheral South. In Czechoslovakia (after 1918), the more advanced, semiperipheral provinces were dominant, but had to coexist with the backward economy of Slovakia.

[70] This dichotomy was first suggested, although in a different context, in Peter J. Katzenstein, *Small States in World Markets: Industrial Policy in Europe* (Ithaca, NY: Cornell University Press, 1985), 17-38.

[71] Maier (fn. 68), 353.

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restore, the nation to its rightful place in the international system. Over time the idiom would change, but the constituent elements of the coalition would remain the same. Bonaparte and Hitler, Boulanger and Mussolini, or Pétain, would appeal to the same social instincts, though their rhetoric and ideological formulae would reflect some fundamental differences between the milieux of the nineteenth and the twentieth centuries.

In retrospect, these Bonapartist experiments seem to have been costly exercises in futility. For one, the maintenance of large civilian and military bureaucracies required the diversion of resources from productive investment into partly unproductive state consumption. Thus while the larger countries of the semiperiphery experienced stagnation and relatively low rates of economic growth, the lesser countries prospered and developed democratic institutions cast in the British mold. In the long run, to be sure, even the larger countries attained political democracy and economic prosperity, but only after external forces had reduced them to the status of small powers in the international system. This was the experience, after World War II, of Germany, Italy, and Japan, and of France after the wars in Indochina and Algeria. Ironically, the path of these countries from the semiperiphery to the core was paved not by military victory, but by defeat and the overall reconstitution of the international political system.

Revolution and Totalitarianism

By the third quarter of the nineteenth century, then, a clear-cut pattern of economic and political differentiation had emerged on the Continent. This enables us to distinguish among three zones, or regions, in terms of different (1) levels of economic productivity and types of labor organization; (2) social mobility and class structure; and (3) structure of public authority. Overall, and within each of these zones, a geographically regressive pattern of productivity is apparent, although material expectations continued to be relatively uniform. This imbalance between expectations and the means of production created increasing pressures on the state to use coercive methods of resource extraction and was, in the last analysis, responsible for ever greater degrees of etatist authoritarianism along the Northwest-Southeast axis of the Continent.

At the turn of the century these pressures were further increased by what is frequently referred to as the "rise" of the masses and their "entry" into the political mainstream. This phenomenon is generally associated with the spread of literacy and urbanization, two processes that are seen

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to be instrumental in "mobilizing" the lower classes and making them "available" for systematic and sustained political participation.[72] This may well be an important correlation that is corroborated by impressive empirical evidence, but, like so many other aspects of peripheral politics, the entry of the masses into politics cannot be examined in isolation from major developments in the core of the modern world economy. Most significantly perhaps, during the last decades of the nineteenth century, the lower classes of Britain and of other core societies became enfranchised, and thus a part of the political community. Almost simultaneously, their living standards began to show substantial improvement. After nearly a century of stagnation, urban wages in Britain began to rise, while working hours started to decline.[73] These instances of economic and political emancipation were not lost on the working populations of the less developed countries. Indeed, knowledge of these gains spread quickly from country to country, with the laboring classes of the North and West serving as reference groups for those further to the South and the East. Just as for the middle classes a century before, so for the laboring classes, the new standards of living came to be "accepted as a staple of decency," as well as a staple of political programs.

Although often accused of insensitivity and rigidity, the old political classes responded to the challenge. Operating in an arena of great scarcity, however, they had to make hard choices, and in most instances they attempted to accommodate the demands of the industrial workers rather than the rural population. In part, this was because they perceived them to be more dangerous than peasants, in part because the liberal elites had to contend with market forces that propelled the movement of skilled labor and technical expertise toward the more developed regions of the Continent. Pondering these forces and fears, the governments granted urban workers the right to vote while the peasants remained disenfranchised.[74] Still more significantly, urban workers were allowed to organize. By 1905, the right to strike was grudgingly recognized even in autocratic Russia. As a result, urban wages rose. Contemporary labor

[72] See especially Karl Deutsch, "Social Mobilization and Political Development," *American Political Science Review* 55 (September 1961), 493-502.

[73] See G.D.H. Cole and Raymond Postgate, *The British People, 1746-1946* (New York: Knopf, 1957), 373.

[74] After 1920, most governments of the European periphery extended suffrage to the rural population, although the electoral system in the villages remained as corrupt as before. At the same time, most governments made an attempt to appease the peasant populations by various land redistribution schemes. These reforms were, however, largely symbolic. The only exception was Romania, a country that experienced a radical land reform. Even there, the weak peasant economy continued to serve as a resource base for subsidizing the industrialization of the country. See Henry Roberts, *Rumania: Political Problems of an Agrarian State* (New Haven: Yale University Press, 1951), esp. 22-88; also Zeletin (fn. 61).

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TABLE 5
RELATIVE AND ABSOLUTE INDUSTRIAL WAGES
(1925-1934)

	Wage per Week in U.S. $	*Industrial Wage as % of per Capita Income*	*Industrial Wage as a % of British Average Industrial Wage*
United Kingdom	17.3	94	100.0
Switzerland	15.0	79	86.7
Germany	13.8	129	79.8
Holland	13.9	106	80.3
Uruguay	12.0	127	69.4
Czechoslovakia	11.0	125	63.6
Spain	9.4	120	54.3
Poland	8.0	148	46.2
Italy	7.1	120	41.0
Yugoslavia	7.1	111	41.0
Mexico	6.0	130	34.7
Estonia	5.2	106	30.1
Bulgaria	3.7	111	21.4

Source: Colin Clark, *The Conditions of Economic Progress* (London: Macmillan, 1940), 40-41, 47.

statistics, of course, are notoriously unreliable and incomplete, but all available evidence points in one direction: the further we travel from the industrialized core region of the Atlantic Northwest, the higher industrial wages became *relative* to per capita national income, and to the income of the agrarian population. This trend pushed industrial, especially skilled, labor toward the middle of the income structure at the expense of the peasantry, a pattern of income distribution that may well explain the status and ambiguities of the working classes in the periphery, and their reluctance to support left-wing political movements.[75] Ironically though, the political benefits gained by rising urban living standards were minimal. While the industrial working classes gained income in comparison to the peasantry of their own countries, they still lagged far behind the standard of their reference groups—the industrial working classes of the advanced societies. Thus while industrial workers did not always support the Left, their politics was nevertheless radical and anti-establishment. The most obvious instances of this occurred in Hungary and Romania, where in the 1930s much of the working-class vote was captured by the Arrow Cross, the Iron Guard, and other parties of the radical Right.

[75] See Richard V. Burks, *The Dynamics of Communism in Eastern Europe* (Princeton: Princeton University Press, 1962), esp. 39-42.

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The turbulent entry of the lower classes into politics at the end of the nineteenth century was closely related to another important development: the rise of a "radical intelligentsia" in the countries of the periphery. Conventional explanations for this phenomenon usually emphasize economic scarcities: too many people in pursuit of too few jobs, with some of the losers in this race for status and security turning against the established order in bitter disappointment. This interpretation becomes suspect in the light of statistical evidence that points to the truly minuscule size of the educated public in peripheral societies before World War II, and especially before World War I. Thus in the first decade of this century, the number of students enrolled at Bulgarian universities was 2,455. The figure was 5,925 for Romania, 13,737 for the Russian and Austrian provinces of Poland, 11,893 for Hungary, representing only .049, .069, .057, and .053 percent of the respective populations. (The figures for Germany, France, and Italy were .11, .901, and .059 percent.)[76] The quantitative argument becomes still weaker if we consider that many of the radicals came from comfortable middle-class backgrounds that could well have served as stepping stones for social mobility through the ordinary avenues of advancement. That they did not take this route was less because of the lack of opportunity than because of the availability of an alternative, more risky, but ultimately more promising, opportunity to enter politics as the leaders of deeply frustrated popular constituencies. Indeed, these men and women were not so much an "intelligentsia" as another class of political entrepreneurs, recruited from the most imaginative and able risk-takers in the talent pool of their societies. These entrepreneurial qualities, much more than formal education, distinguish these new political men and women from the dull, bureaucratized establishments that they sought to replace by mass mobilization and revolutionary violence.[77]

Given the goal of mobilization in the context of mass politics, the political style of the radical intelligentsia was agitational. While the populists were "going to the people," and the Marxists were attempting to "raise the class consciousness of the masses," the Right went "into the streets," as did the French Camelots (literally, street hawkers) du Roi in the first decade of the new century. But this new radicalism was not just a matter of style but of substance as well. Unlike the liberal "fathers" who were committed to an incrementalist view of politics and preached adjustment to the existing rules of the global economic and political game, the radical "sons" were inspired by grand chiliastic visions of abolishing

[76] Désiré Laky, *Statistiques des étudiants des universités en 1930* [Statistics of university students in 1930] (Budapest: Patria, 1932), 12-14.

[77] See also Janos (fn. 9); 92-93.

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markets and replacing them with a new global system. If populists and Marxists envisioned a world in which exchange would be freed from the principles of utility and self-interest, their counterparts on the Right set out to replace the "fraud" of the market with the harmony of a universal hierarchy in which the strong would command and the weak would obey.

These ideologies, then, provided both logic and justification for the new, totalitarian states of the period following World War I. The promise of a perfectible universe emancipated revolutionary elites from both moral and legal restraints, and once emancipated they proceeded not only to capture the state, but to attack the autonomy of the economy, the culture, and the society as well. Yet the results of this attack varied, reflecting patterns that had evolved through the centuries. If in the East the Soviet state replaced all autonomous social groups and forces, in Central Europe the fascist states of the interwar period, although they declared the totality of their authority, in reality were forced to tolerate an intricate web of de facto social autonomies.[78] There is a significant lesson in this. Totalitarian states, like all others, are the products of both continuity and change.

These totalitarian states have, on occasion, been described as "developmental" by posterity. No designation could be more misleading. Lenin, Hitler, Mussolini, and their followers on the peripheries did not want to "catch up" with the advanced nations, but wanted to change the existing structure of the world system. True, in time, they and their successors had to formulate economic policies, but their policies of mobilization, whether in Hitler's Germany or in Stalin's Russia, were not ends in themselves but means toward the achievement of political ends. It was only much later, in the last decades, that some communist states would seriously contemplate the prospects of correcting economic backwardness by economic means. In doing so, they may well be slowly reverting to some of the institutional features of neoliberalism. In the interim, regional income distribution on the Continent has barely changed. The trip from Amsterdam to Moscow still leads through the same descending path as it did about two centuries ago.

Conclusions

This brief examination of European history reveals a strikingly regular geographical pattern of regional income disparities, the origins of which go back to the agrarian revolutions of the early modern age. This pattern

[78] See "Comments" in Carl J. Friedrich, ed., *Totalitarianism* (Cambridge, MA: Harvard University Press, 1954), 381.

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of regressive regional income distribution, already evident in the eighteenth century, was thereafter reproduced by the rise of a continent-wide material culture and, in the final analysis, by the ongoing technological revolutions of the Occident. This international demonstration effect, and the broader cultural definition of wants, had two direct consequences. On the one hand, they affected savings: the rate of saving either declined, or, if adequate rates were maintained by force, the costs of coercion tended to exceed the economic benefit. On the other hand, and still more debilitatingly, when some economic gains were registered against all odds, the results tended to be vitiated by invidious comparisons with the accomplishment of the core societies.

Although the theory of the demonstration effect is sometimes presented in juxtaposition to other explanations of international polarization and peripheral drift,[79] in reality these theories are closely intertwined. Indeed, some aspects of market and state behavior can only be understood in the larger context of changing human needs. Thus, if there are indeed secular trends in the terms of trade and in the relative movement of prices favoring manufactures over primary products, these trends and movements can hardly be divorced from economic demand, and economic demand would hardly be the same in the absence of the Veblen effect. Likewise, peripheral states are not born profligate; they become profligate when the demonstration effect transforms the expectations of classes that control the levers of power and have the potential to convert private need into public policy. Other aspects of market and state behavior are independent of the Veblen effect, but they magnify its adverse consequences by converting global into local inequalities. Thus, when opting for a modern state, the elites of a backward society accept a potential framework for inequality, and when facing global labor markets, peripheral governments are forced to make an agonizing choice among the loss of talent, coercive restrictions on mobility, and the acceptance of domestic income disparities that will further exacerbate tensions in their societies.

The pattern of economic differentiation correlated closely with the political differentiation of the Continent into progressively more pluralistic and authoritarian states. The further a society was located from the core, the poorer it was destined to remain, the more power its political classes accumulated, and the greater would be the scope of state authority. This correlation between etatism and material scarcity is consistent with our traditional views of economics and politics; it also explains a great deal

[79] Fernando H. Cardoso and Enzo Faletto, *Dependency and Development in Latin America*, trans. Marjory M. Urquidi (Berkeley: University of California Press, 1979), 12.

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about patterns of class formation on the European continent. This is not to say that the political history of Europe can be reduced in toto to the economic categories of scarcity and need: ethnic identities, for instance, were independent of economics, and they largely determined the boundaries of modern states and their destiny as small or large powers. Still, when it comes to explaining political structure, economic explanations are more parsimonious and more powerful than those cast in terms of national cultures and social configurations.

For the social scientist then, the most significant question is whether and to what extent this historical experience is likely to replicate itself in the contemporary world. At a first glance around the globe, it is very tempting to suggest that the past will provide us with a good model of the future, that the experience of the European peripheries foreshadowed today's economic, social, and political outcomes. True, the neatly regressive patterns of Europe may not replicate themselves, but distinctions between core and periphery continue to be relevant, together with the appropriate patterns of class formation and political development. Political classes, pariah entrepreneurs, neotraditional landowners, and progress from bureaucratic-military to revolutionary regimes are, after all, as familiar to the student of the contemporary world as they should be to the historian of Eastern and Southern Europe. And if the politics of the semiperiphery of the nineteenth century was at least in part the product of unique ethnocultural and geographic configurations, the historical record is still useful to highlight the choices available to societies that are located between the core and the periphery of the global economy.

Upon closer examination, however, the picture becomes more ambiguous, for along with the numerous similarities we must also account for a few deviant cases that do not follow the patterns set by Europe in the nineteenth and early twentieth centuries. More specifically, while in the European experience regional income inequalities and underdevelopment were reproduced with monotonous regularity, in today's world some societies have broken out of the iron cage of backwardness and moved up several rungs on the ladder of economic success. The experience of Japan and of the newly industrialized countries of the Pacific Basin are only the most obvious examples of such mobility that require explanation.

Following the logic of our initial argument, explanations should be sought both inside the social system and outside it. The internal factors relate to material, geographical, and cultural endowments that had no counterparts in the European experience: a more favorable geographical location, unusual abundance of globally scarce resources, or, to use Veb-

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len's phrase, an unusual "cultural pedigree"[80] that would enable a population and its elites to resist, or to manage successfully, the international demonstration effect. What potential modernizers in the non-Western world need is not just the culture and virtues of Western humanity, or some of their functional equivalents, but virtues far stronger and more resilient than those of the European continent.

The external factors meanwhile refer to the terms of economic and political exchange between the core regions and their peripheries. These terms of exchange have in the past been largely circumscribed by technologies of production, transport, and warfare. In the "old" industrial age that began in the eighteenth century, these technologies required costly capital, elaborate skills, and elaborate infrastructures that slowed down the speed with which technology could be diffused from one part of the world to another. Today, however, we may well be on the threshold of a new industrial age. Compared to those of the nineteenth century, many of today's production technologies require less investment in infrastructure and human capital, and the same can be said about some technologies of mass destruction that, unlike the armies of the nineteenth and early twentieth centuries, can be acquired and utilized without a fully developed industrial base. In the wake of these changes, we may be seeing the rise of a new world system, in which we may well encounter spectacular breakthroughs in potentials for production and destruction that can change the face of whole societies within relatively short spaces of time.

For the time being, of course, much of this remains in the realm of speculation, and to turn speculation into theory we will have to engage in further "huge comparisons"[81] not only among European societies of the past, but also between their examples and the challenges facing the peripheries today. Such comparisons, we are aptly reminded, are full of intellectual perils. But without them it will be difficult to develop a more comprehensive view of political change than we today possess.

[80] Veblen (fn. 9), 163.

[81] See Charles Tilly, *Big Structures, Large Processes, Huge Comparisons* (New York: Russell Sage Foundation, 1985).

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PEASANT-STATE RELATIONS AND THE SOCIAL BASE OF SELF-HELP IN KENYA

By JOEL D. BARKAN and FRANK HOLMQUIST*

Introduction

ON a continent marked by the decline of political authority and economic performance, Kenya remains a relative success story despite increasing signs of authoritarian rule and the limited ability of the economy to match the country's explosive rate of population growth. While many African states are weak clientelist regimes incapable of exercising authority over the populations they purport to rule, the Kenyan state rests on strong and institutionalized ties to the countryside, which bind the peasantry to the national political economy. Linked by a professional civil service on the one hand, and a well-developed patron-client hierarchy of elected officials on the other, relations between the state and the peasantry are frequent, often mutually beneficial, though not always marked by a congruity of interests. The relationship between state and peasantry is best characterized as one of bargaining.

Why has clientelism succeeded in Kenya to an extent unmatched in virtually every other African country except the Ivory Coast? Why, to put the question differently, does the Kenyan state appear to be more accountable to its public than its neighbors are, and why does it appear to be regarded as more legitimate by its citizens? What are the distinctive features of the Kenyan political equation that could be replicated in other peasant-based clientelist political systems? The answer, we shall argue, lies in broad-based citizen participation in a self-help development movement known as "Harambee"—especially participation by "small" and "middle" peasants.

As those familiar with Kenya know, Harambee, or self-help, is a pervasive movement that has become a major arena of rural politics and has shaped the structure of peasant-state relations in that country. With its fifteen to twenty thousand community development organizations scattered across rural Kenya, this self-help movement engages just about all

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rural dwellers, most politicians, and many state personnel.[1] The primary activity of these organizations is the construction of social-service infrastructure by the residents of rural communities in order to meet their locally defined needs. Most but not all self-help efforts are small-scale development projects devoted to the provision of collective goods that are consumed by most households in the community—nursery, primary, and secondary schools, village polytechnics, cattle dips, health centers, water projects, etc. In addition, efforts such as mutual aid and production groups are collective in operation, but their benefits are private because they are restricted to group members and not available to all residents of the community.

The initiation, financing, and organization of self-help projects comes primarily from within the community; some supplemental assistance is often sought from outside. Over the long term, there is usually an effort to transfer as many of the recurrent costs as possible, and some management responsibilities, to the state. State assistance or takeover, however, is normally limited to large projects such as secondary schools that serve a population beyond the local community.[2] The majority of projects (75 to 80 percent) receive no state assistance, serve relatively small catchment areas, and are autonomous—that is, they are not under state control.

Self-help projects have become the essence of grass-roots politics in Kenya—the principal activity by means of which political leaders and aspiring leaders seek to obtain power and to advance their political careers. Members and would-be members of local district councils establish reputations for community service by raising funds for self-help projects in the private sector and by lobbying appropriate state agencies to assist projects located in their areas. Members of Parliament and aspiring members likewise seek to "deliver the goods" on self-help; by so doing, they draw local self-help organizations and grass-roots political leaders into their personal political machines, and, in turn, attach their machines to the country-wide clientelist structures that dominate Kenyan politics and control patronage at the center of the Kenyan system.[3]

[1] Although Kenya requires all such organizations to register with the government before engaging in self-help activities, no one knows precisely how many self-help organizations exist in Kenya. The figure of 15,000 to 20,000 organizations is the authors' estimate based on their review of registration rolls at the district level. Kenya is divided into 40 administrative districts with an estimated average of 375-500 self-help organizations in each.

[2] We define "local community" in spatial terms to refer to all people residing in an area of two to five square kilometers, which is roughly the area of a "sublocation," the smallest territorial unit in the Kenyan administrative system. There are over 4,000 sublocations in the country.

[3] Joel D. Barkan, "Bringing Home the Pork: Legislative Behavior, Rural Development and Political Change in East Africa," in Joel Smith and Lloyd Musolf, eds., *Legislatures in Development* (Durham, NC: Duke University Press, 1979), 265-88; Barkan, "Legislators, Elections,

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The widespread popularity and political significance of self-help has been documented in the literature for over a decade.[4] Yet most studies, including our own, have tended to assume the existence of a rather homogeneous peasantry; that is to say, there have been no attempts to examine the differential rates of participation in, and support for, self-help in terms of the varying material circumstances of different strata within the Kenyan peasantry.

The purpose of this essay, therefore, is to address the neglected question, what, and how broad, is the social base of self-help? Which elements in rural society are more and less likely to embrace it, lead it, and perceive personal and family benefits in it? Which are most likely to believe in its future? By examining the social base of self-help, which is the heart of Kenyan rural politics, we shall also gain insight about the social base of much of Kenyan politics itself.

The principal argument of this essay is that "small" and "middle" peasants, who make up roughly three-quarters of the rural population, constitute the vital base of self-help. This fundamental fact goes a long way toward explaining why the Harambee ideology, or belief in self-help, has become the core of an emergent public philosophy—a set of widely held values that has shaped the rules of Kenya's clientelist political system, imbued that system with a measure of legitimacy, and forced the Kenyan state to be minimally accountable to the public in the realm of social services. Without this broad base of support, self-help and the central role it plays in maintaining clientelist politics in Kenya would not exist. This fact, in turn, suggests why the stability of Kenya's clientelist political system has historically been much higher than that of other clientelist regimes across the Third World, and especially in other African countries, where similar peasant-based movements are not found.

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and Political Linkage," in Joel D. Barkan, ed., *Politics and Public Policy in Kenya and Tanzania*, rev. ed. (New York: Praeger, 1984), 71-101; Njuguna Ngethe, "Harambee and Development Participation in Kenya," Ph.D. diss. (Ottawa: Carleton University, 1979).

[4] Joel D. Barkan, Frank Holmquist, David Gachuki, and S. E. Migot-Adholla, "Is Small Beautiful?" Occasional Paper No. 15, Comparative Legislative Research Center, University of Iowa, 1979; Barkan, "Development Through Self-Help: The Forgotten Alternative," *Rural Africana* 19-20 (Spring-Fall 1984), 115-29; Frank Holmquist, "Implementing Rural Development Projects," in Goran Hyden, Robert Jackson, and John G. Okumu, eds., *Development Administration: The Kenyan Experience* (Nairobi: Oxford University Press, 1970), 201-22; Frank Holmquist, "Class Structure, Peasant Participation, and Rural Self-Help," in Barkan (fn. 3, 1984), 171-97; Holmquist, "Self-Help: The State and Peasant Leverage in Kenya," *Africa* 54 (No. 3, 1984), 72-91; Philip Mbithi and Ramus Rasmuson, *Self-Reliance in Kenya: The Case of Harambee* (Uppsala: Scandinavian Institute of African Studies, 1977); Peter M. Njau, "Tensions in Empowerment: The Experience of the Harambee (Self-Help) Movement in Kenya," *Economic Development and Cultural Change* 35 (April 1987), 523-38; Barbara P. Thomas, *Politics, Participation, and Poverty: Development Through Self-Help in Kenya* (Boulder, CO: Westview Press, 1985); Edgar V. Winans and Angelique Haugerud, "Rural Self-Help in Kenya: The Harambee Movement," *Human Organization* 36 (No. 4, 1977), 334-51.

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Self-help is very popular across rural Kenya. Regardless of the nature and divisions within local communities, the vast majority of all residents—almost 90 percent—are or have been involved in the process. For those familiar with the highly unequal distribution of landownership in Kenya, this finding may be a surprise. According to Alice Amsden, "less than 5 percent of all farms account for almost 50 percent of all farm land, while some 30 percent of the smallest farms account for less than 2 percent of all farm land."[5] This extraordinarily high concentration of land in a few hands would suggest that community-wide self-help for the purpose of creating collective goods is impossible, because one would not expect that it could occur in communities where the divisions between rich and poor are so marked and where those at the bottom are normally excluded from benefits controlled by the rich. But in Kenya, the small-farm and large-farm sectors are located in different regions of the country and are largely self-contained. As a result, self-help flourishes in the regions of the former, where most of the population resides and where the degree of inequity in the pattern of landownership is much less pronounced.

In our search for the social base of self-help, we are also mindful of the fact that, because almost all Kenyans are involved, self-help serves different interests and means different things to different participants. As a result, the significance of self-help is often assessed in contradictory terms. Some describe it as a co-optive device employed by the Kenyan state and ruling elite to tax and manipulate the peasantry, others as an unalloyed vehicle of mass-peasant interests. Neither perspective squares with the facts. A more accurate view is that self-help is an arena of contested terrain that has experienced a changing balance of forces and has produced different outcomes over time. During the colonial era, the Kikuyu Independent Schools Movement represented self-help as a locally initiated vehicle of peasant protest and provided an organizational base for African nationalism. At the same time, official self-help, known as "community development," was a state-led initiative to co-opt those opposed to the regime. Since independence, self-help is best seen as "mixed" because it comprises local, state, and outside elements of initiative, leadership, funds, and management.

[5] Alice H. Amsden, "A Review of Kenya's Political Economy since Independence," *Journal of African Studies* 1 (Winter 1974), 417-40, at 423. See also Diana Hunt, *The Impending Crisis in Kenya: The Case for Land Reform* (Brookfield, VT: Gower Publishing Co., 1984); Patrick O. Alila, Gatheru Wanjohi, and Kabiru Kinyanjui, "Rural Landlessness Situation in Kenya," a report for the FAO Expert Consultation on "Landlessness: Dynamics, Problems and Policies" (Rome: October 1985); and Ian Livingstone, *Development, Employment and Incomes in Kenya* (Brookfield, VT: Gower Publishing Co., 1986).

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Rural Stratification, Class Formation, and the African Peasantry

Our search for the social base of self-help begs the question how we characterize the peasantry. Two themes have dominated the literature. The first, and older, was articulated in what is now termed the "liberal development and modernization literature" of the 1950s and 1960s. This literature viewed the peasantry as a homogeneous and undifferentiated sector of society—bound by tradition, parochial in outlook, averse to risk and entrepreneurship, and having few relations with the state. Economically, the peasantry was perceived as the stagnant rural periphery of a "dual economy" awaiting animation by an urban-based bureaucracy, capital, and technology. Politically, the peasantry was considered to have no politics other than the protection of local interests and/or avoiding control by the state.

This view of the peasantry and its relationship to the state is now largely rejected; attention at present is focused on the extent and explanation of differentiating the peasantry in respect to landownership, income, and access to off-farm employment, education, credit, technology, and state services. No longer regarded as passive actors in the state-peasant equation, peasants are now seen as rational actors seeking to maximize their individual, class, and community interests within the multiple constraints of the social structure, the market, ecology, and state policy.[6]

Students of self-help insert themselves into this analytical context. Where a relatively undifferentiated peasantry is seen, there is a tendency to view the marriage of peasant and state in self-help as almost ideal—the hoped-for confluence of peasant need and state response in the modernization paradigm. Where, however, the peasantry is regarded as highly stratified, there is the opposite tendency: to view self-help as an exercise dominated by rich peasants together with rural and urban elites in alliance with the state, at the expense of the rural poor. Perceived in this manner, the small- and middle-peasant majority is not served by self-help, but manipulated and at times coerced into a process that taxes its members heavily while it provides them with very little.

Whether self-help is a vehicle through which the small landowners extract resources from the rural "rich" and/or the state, or whether it is a vehicle through which the state and the rural rich dominate small farmers, is, of course, an empirical question. It is a question, however, that can-

[6] See Robert Bates, *Markets and States in Tropical Africa* (Berkeley: University of California Press, 1981); Goran Hyden, *Beyond Ujamaa in Tanzania* (Berkeley: University of California Press, 1980); and Samuel J. Popkin, *The Rational Peasant* (Berkeley: University of California Press, 1979).

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not be answered before the nature and extent of rural stratification and, following that, the social base of self-help, is determined.

The question of the nature and extent of social stratification in rural Africa is complex and calls forth no clear answers. Different measures of stratification—such as landownership, income, and occupation—yield very different profiles of stratification. Individuals ranked high or low by one measure are not necessarily ranked at the same level by others. The degree of correlation between rankings on different measures is thus low, which in turn suggests that the probability of a clearly defined class structure (as distinct from strata) in the rural areas is also low.

Survey data from rural Kenya support this conclusion.[7] We begin with the relationship between landownership and income. As shown in Table 1, a substantial proportion of large landowners is poor, while a small but significant proportion of landless individuals reports high incomes. The weak relationship between personal income and landownership is also apparent when we examine the latter as a function of the former. Put more succinctly, the Spearman coefficient for the relationship between landownership and income is only .201.[8]

An analysis of the relationships between occupation and income and between occupation and landownership yields similar results. As one might expect, respondents with relatively high-status occupations (such as teachers and civil servants) earn more than those who pursue occupations of lower rank; but the relationship between occupation and income is not strong. Similarly, respondents with high-status occupations do not

[7] The data reported in this article were collected in 1980 by a survey conducted by Joel D. Barkan of the University of Iowa and David Gachuki of the University of Nairobi. Interviews were obtained from 2,075 adults living in seven parliamentary constituencies in rural Kenya: Embu-South, Githunguri, Kajiado-North, Laikipia-West, Ikolomani, Mbita, and Kitutu-East. Separate samples of 300 respondents were drawn for each constituency based on age-sex quotas computed from the 1979 Kenyan census. Interviews for each sample of 300 respondents were randomly assigned to 30 sampling plots one kilometer in diameter, which were themselves randomly distributed across the constituency. Ten interviews were thus attempted in each plot; all were conducted in the local language of the area or in Swahili.

[8] Several explanations for the weak relationship between income and the size of landholdings have appeared in the literature. Gavin Kitching has presented data that demonstrate that smallholders farm their land more intensively and place a greater proportion of their land under cultivation than do large farms. Ecological conditions also account for lower productivity per acre and hence lower farm income per acre on large holdings, many of which are located in less fertile regions. A substantial proportion of personal income, moreover, is derived from off-farm sources. See Kitching, *Class and Economic Change in Kenya* (New Haven: Yale University Press, 1980), 330-74, and J. L. Lijoodi and Hans Ruthenberg, "Income Distribution in Kenya's Agriculture," *Zeitschrift für Ausländische Landwirtschaft* 17 (1978), 124, as cited by Stephen Peterson, "Neglecting the Poor: State Policy Toward the Smallholder in Kenya," in Stephen K. Commins et al., eds., *Africa's Agrarian Crisis: The Roots of Famine* (Boulder, CO: Lynne Rienner, 1986), 59-83, at 62.

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TABLE 1
MONTHLY INCOME BY AMOUNT OF LAND OWNED

Monthly Income (in Kenyan Shillings)	*Amount of Land Owned*					
	None	*1-2 acres*	*3-5 acres*	*6-10 acres*	*11-20 acres*	*21+ acres*
100 or less	49%	46%	30%	30%	31%	14%
101-500	29	30	36	36	39	30
501-1,000	7	9	16	18	17	25
1,001-3,000	6	7	8	9	12	24
3,001-9,000	1	1	1	2	—	3
9,001 or more	8	7	10	6	2	2
N=	*(221)*	*(218)*	*(279)*	*(160)*	*(59)*	*(63)*
Percent of total sample	22	22	28	16	6	6

Spearman $R = .201$ On all tables, the level of significance $> .001$
Percentages may not add to 100 due to rounding.

necessarily own larger amounts of land than those with low-status jobs, despite their ability to purchase it.[9]

Although the rural population of Kenya is highly stratified in respect to each of these measures, it cannot be neatly divided into categories of "poor peasants" who have little or no land and low incomes, of "middle peasants" who have some land and moderate incomes, and of "rich peasants" who own large holdings and have high incomes. More than 30 percent of our sample cannot be accommodated by such a composite typology, and any attempt to categorize and compare the members of the rural population in this manner is likely to yield spurious results.[10]

Our inability to demonstrate the existence of a composite structure of stratification in rural Kenya leads us to conclude that, in respect to self-help, there is no class polarization. Different strata with different interests in self-help may at times be in conflict, but these are not clearly identifiable classes composed of individuals with similar landholdings,

[9] While 11% of teachers and 17% of civil servants said they owned more than 20 acres, 19% and 28% respectively reported they owned none. Similarly, shopkeepers ranked first in average size of landholdings, but fifth in average income. These figures also make us question the thesis advanced by Kitching that the level of income derived from off-farm employment is the determinant of the size of landholdings in Kenya. Off-farm income may, but does not necessarily, lead to control over large landholdings—a qualification that Kitching himself concedes. See Kitching, *ibid.*, 371.

[10] We attempted just such an analysis by first excluding the respondents who did not fall into these three categories, and then comparing those who did in terms of their level of participation in self-help, their values, and their level of political involvement. Even after dividing our sample into these "ideal" types, class distinctions were not evident.

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incomes, and occupations. The significance of this absence of class formation is discussed in the next section, where the relationships between the most powerful measure of rural stratification and various aspects of citizen participation are examined. For the moment, we are left with several alternative measures of stratification to pursue our basic question of what elements in rural society constitute the social base of self-help. Which measure(s) do we use?

Because space does not permit us to report the findings for all available measures, we have chosen to limit our presentation to an analysis of the relationships that exist between one measure of rural stratification—landownership—and several measures of citizen involvement in, and perception of, self-help. Landownership was chosen for two reasons. First, although the relationship between landownership and personal income is weak, landownership is the independent variable that best discriminates between different strata of the Kenyan peasantry in respect to their levels of participation in self-help. Although income, occupation, and education also affect the level of citizen participation, the amount of land owned is the most important determinant. Thus, if one wishes to test the hypothesis that different strata exhibit different levels of participation, the best way to do so is to examine the impact of landownership. If there are no differences in the level of support between different strata of landowners, it is unlikely that there will be different levels of support when other measures of stratification are employed.[11]

Second, our data on landownership are more extensive and more valid than those on individual income. More than 1,600 respondents, or 77 percent of our sample of 2,075, reported the size of their landholdings to our interviewers; only 1,146, or 55 percent, were willing to divulge their monthly incomes. Our data on the distribution of landownership are also consistent with the distribution reported by the Kenya Integrated Rural Survey for the country as a whole.[12]

The Social Base of Self-Help: Who Participates? Who Leads?

We first raised the question of what constitutes the vital social base for self-help because we hypothesized that different strata and possibly dif-

[11] Although the statistical relationship between the amount of land owned and measurable income is weak, the extent of people's landholdings or access to land greatly determines the level of overall wealth for the large segment of the rural population that farms for subsistence in addition to farming for the market. Income figures reported by our respondents do not include estimates of the cash value of their subsistence production, but estimates of their landholdings do provide an indirect measure of this component of individual wealth.

[12] Central Bureau of Statistics, *Integrated Rural Survey, 1974-75* (Nairobi: Government Printer, 1977), 44.

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ferent social classes would exhibit different levels of support. Our prime concern in testing this hypothesis was to answer the question whether the Kenyan self-help movement is a vehicle of small farmers or whether it is a vehicle through which large landowners, in alliance with the state, co-opt and tax the rural masses. To the extent that the evidence supports one position or the other, it supports the former—that the social base of self-help is broad and is provided principally by a wide spectrum of landowners at the bottom and middle of the socioeconomic hierarchy. Our data further indicate that, although landless peasants and large farmers who own more than twenty acres are least likely to support self-help, the former believe that they benefit from it to the same degree as middle peasants, while the latter are taxed at a higher level to support the movement. Thus, almost everybody in the rural areas supports self-help; the only difference is the degree.

Perhaps the most interesting finding in our data—one that is validated throughout our analysis—is that the relationship between social stratification (as measured by the amount of land owned) and support for self-help is curvilinear. The greatest supporters, as measured by the number of self-help projects they join and by their propensity to participate in each of eight types of projects, are what we term "small," "middle," and "upper-middle" peasants—farmers who own from one to twenty acres and who together account for 72 percent of our sample of the rural population (Table 1).

The terms "small," "middle," and "upper-middle" are, of course, arbitrary distinctions. We use the term "small" to refer to farmers who own one to five acres of land; they constitute 50 percent of our sample. By "middle peasants," we mean farmers who own six to ten acres; respondents in this category constitute 16 percent of our sample. "Upper-middle" peasants are defined as those who own between eleven and twenty acres; they constitute 6 percent of those surveyed. These strata run the gamut from the moderately poor to those who are prosperous by Kenyan standards, but not rich. Most significantly, these strata exclude the landless (22 percent) and the "large" landowners who, by our definition, own more than twenty acres. Although respondents in the middle and upper-middle categories consistently exhibit higher levels of participation in self-help than those in the small category, the members of all three groups are similar in their degree of involvement in self-help; they are distinct from the landless and the large holders.

The curvilinear relationship between landownership and participation in self-help is depicted in Table 2, which summarizes the extent of peasant participation in terms of the number of self-help projects the respon-

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TABLE 2
NUMBER OF PROJECTS JOINED BY AMOUNT OF LAND OWNED

	Amount of Land Owned					
Number of Projects Joined	*None*	*1-2 acres*	*3-5 acres*	*6-10 acres*	*11-20 acres*	*21+ acres*
None	26%	8%	8%	4%	3%	18%
One to three	47	31	29	32	27	36
Four to six	17	37	39	27	30	18
Seven or more	10	24	24	38	40	27
N =	*(342)*	*(378)*	*(444)*	*(240)*	*(100)*	*(99)*
Average number of projects joined	2.5	4.2	4.2	4.8	4.8	3.5

dents said they had joined. Most respondents in all categories said they participated in several projects, but this tendency is markedly greater among the small and especially among the middle groups. Notwithstanding these variations, the most important finding in Table 2 is that the self-help movement rests on a broad social base. Because 72 percent of the sample owned between one and twenty acres, those in this category who participate in self-help constitute 67 percent of *all* respondents. If we assume that our data present an accurate picture of rural Kenya, two-thirds of the rural population thus are both landowners *and* frequent participants in self-help. Even if the landless and large landowners did not participate (and they do), self-help would have a firm footing in the countryside.

The curvilinear relationship between landownership and participation is also found in respect to each of the eight major types of self-help projects in Kenya which together constitute 98 percent of all self-help activities in the country.[13] The relationship is thus maintained both for large and relatively expensive projects (such as secondary schools and water schemes) and for small projects (nursery schools, cattle dips, and mutual assistance groups). It also holds for projects that provide almost all households with collective goods (such as primary and secondary schools) and for projects that provide benefits to group members only (such as water projects, mutual assistance groups, and production groups).

Concerning the question who leads self-help, Table 3 suggests the expected: while the landless, small, and middle peasants are frequent participants in self-help, they are less likely to be project leaders than upper-

[13] In order of importance, the eight types are nursery schools, primary schools, secondary schools, health clinics, cattle dips, water projects, mutual assistance groups, and production groups.

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TABLE 3
NUMBER OF PROJECTS LED BY RESPONDENT
BY AMOUNT OF LAND OWNED

	Amount of Land Owned					
Number of Projects Led	*None*	*1-2 acres*	*3-5 acres*	*6-10 acres*	*11-20 acres*	*21+ acres*
None	90%	80%	78%	76%	64%	70%
One	4	11	12	10	14	12
Two or more	5	9	10	14	22	18
N=	*(342)*	*(378)*	*(444)*	*(240)*	*(100)*	*(99)*
Number of project leaders	31	76	98	58	36	30

middle peasants and large holders. In contrast to the relationship between the amount of land owned and project participation, the relationship between the amount of land owned and being a project leader is positive rather than curvilinear. The variance in the propensity to lead projects, however, is not pronounced. Although those who own large amounts of land are more likely to lead projects than those with small holdings, project leaders are drawn from the entire spectrum of the rural population, including the landless. Thus, when, instead of comparing percentages, one compares the actual number of respondents within each category of the peasantry who indicated that they had been project leaders, the greatest number of project leaders turn out to be in the category of small peasants—that is to say, those who own between one and five acres. This finding again suggests that self-help consists mainly of many small projects led by fairly typical members of the rural community.

The data on peasant participation in self-help suggest three additional conclusions. The first is that small and middle peasants are the ones most likely to participate because they have the most to gain from the enterprise; at the same time, they can afford to participate by contributing money, labor, or goods in kind. Although the landless need the benefits that self-help offers, their ability to participate is more restricted. Large landowners, on the other hand, have less need to participate, but often do so out of considerations of social obligation and status vis-à-vis their neighbors.[14]

Many respondents believe that development depends upon self-help.

[14] Michael Bratton reaches the same conclusion to explain why peasant farmer organizations in Zimbabwe also draw a disproportionate amount of their membership from "middle peasant" households. See Bratton, "Farmers' Organizations and Food Production in Zimbabwe," *World Development* 14 (No. 3, 1986), 367-84, at 373.

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When asked why self-help was so popular in Kenya, half of those who owned land in all categories replied that "Harambee is the only way we can start schools, health clinics, etc. in this area; development is dependent upon self-help." The proportion of landless who responded in this manner was one-third. Another 8 percent of all groups said that, with self-help, "the local people determine what is to be done; there is local control." Self-help, in short, is supported most by those who recognize that they will obtain basic human services only if they provide these services for themselves through collective action,[15] and by those who have the resources to do so.

Second, while participation in self-help may be the equivalent of a tax that rural Kenyans pay for various social services, it is a local tax levied by the members of rural communities on themselves for services they consume, and not a method by which the state appropriates resources from the countryside to the center. Indeed, to the extent that the Kenyan government provides a portion of the recurrent expenditure for self-help projects (for example, the salaries for certified teachers for primary schools and the salaries for paramedics at health clinics), contributions by rural residents to establish self-help projects are a local tax that extracts matching funds from the state.

Third, the strong support for self-help by middle peasants, together with the weaker support by the landless and large landowners, suggests that self-help does not involve manipulation or coercion of the rural poor by the landed rich in alliance with the state. As discussed in the next section, peasant contributions that finance self-help are not a tax that falls most heavily on the poorest members of rural society. The benefits derived from self-help are not enjoyed disproportionately by large landowners, nor have large holders or the state systematically tried to coerce small and middle peasants into participating. If there is coercion to support self-help, it is most likely levied from within the local community by small and middle peasants on each other and on the landless and large landowners, rather than being levied from without.[16]

[15] Because self-help projects require collective action, they are always susceptible to the problem of "free riders"; most peasants are cautious about joining such efforts. That they do so anyway suggests that they have no other option. Our finding is thus consistent with Popkin's discussion of the conditions under which peasants are prepared to engage in collective action. See Popkin (fn. 6), 252-58.

[16] Only 11% of our respondents reported that they had at some time been coerced into contributing to a self-help project; there was little variance across landholding groups. Yet, when asked whether it was sometimes necessary to force people to contribute to Harambee projects for the good of the local community, 56% of the small peasant respondents and 52% of the middle peasants said "yes"; only 40% of the large landholders answered affirmatively. Of the landless respondents, 49% also favored coerced contributions. Barbara Thomas reports similar findings; see fn. 4, 154-56.

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Who Pays and Who Benefits?

We turn now to the question that is the "bottom line" for self-help: Who pays for it, and who benefits? Is self-help a tax on the rural poor, or is it a tax on the landed rich? To what extent does it redistribute resources within rural communities? To what extent does it redistribute resources between the rural periphery on the one hand and the state and urban centers on the other?

The data in Tables 4 and 5 provide some answers. Citizen contributions to self-help take two forms: in cash and in kind, especially labor. A commonly held assumption is that the large landowners, if they pay at all,

Table 4
Amount of Money Respondent Contributed by Amount of Land Owned

Amount Contributed (in Kenyan Shillings)	*Amount of Land Owned*					
	None	*1-2 acres*	*3-5 acres*	*6-10 acres*	*11-20 acres*	*21+ acres*
None	32%	4%	4%	10%	5%	6%
1-50	33	34	21	20	13	14
51-100	10	19	19	14	15	11
101-200	9	19	21	18	30	18
201-400	7	13	18	16	14	18
401 or more	10	12	16	22	24	34
N=	*(226)*	*(289)*	*(342)*	*(206)*	*(87)*	*(73)*
Estimated Average Contribution (in Kenyan Shillings)	95	144	177	190	210	246
Percent of all respondents in sample	18.5	23.5	28.0	16.8	7.1	6.0
Percent of total land owned by sample	0.0	6.2	19.7	23.7	18.9	31.5
Percent of total money contributed by sample	10.8	21.0	30.4	19.6	9.2	9.0
Contribution Index by Population	58	89	109	117	130	150
Contribution Index by Amount of Land Owned	—	339	154	83	49	29

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are more likely to contribute cash, while the landless and small landowners are more likely to contribute their labor, because they do not have cash. Our data confirm this generalization, but also suggest that the pattern of support is more complex.

As indicated in Table 4, almost one-third of the landless contributed no money to self-help in the year prior to our survey, but the proportion of all categories of landowners who did not contribute was 10 percent or less. The average size of contributions rises steadily as the amount of land owned rises. Not only do those who are relatively prosperous pay more, but there is a substantial jump between the average contribution of the landless and all categories of landowners, including those with holdings of only one to two acres. From the standpoint of the individual members of the community, those with the greatest ability to pay contribute more on average than those of lesser means. No resources are being transferred from the landless and small landowners to large landowners, or even to middle peasants. The extent to which landowners in each category overpay or underpay the bills for self-help is indicated by the entries for the Contribution Index by Population. The total contribution by all landless respondents (computed by multiplying the number of landless respondents by the estimated average individual contribution for the group, in this case 95 shillings) was 58 percent of what their proportion of the total population (sample) predicts they should contribute. Small farmers contributed roughly in proportion to their numbers: those owning between one and two acres contributed 89 percent of their quota, while those owning between three and five acres contributed 109 percent. The index figures rise steadily; large landowners with more than twenty-one acres contributed 150 percent of what their numbers would require.

But, although those with more land pay more, and although it is clear that resources are not transferred from landless and small peasants, it is doubtful whether those who are most prosperous pay the same proportion of their income as their less affluent neighbors. Because our sample is stratified on the basis of landownership rather than income, we are unable to compute what proportion of personal income the average member of each landownership category contributes to self-help. In the Contribution Index by Amount of Land Owned, we attempt to determine whether respondents in each category of landowners overpay or underpay in respect to their proportion of the total amount of land owned by the entire sample.

For obvious reasons, no index figure can be calculated for the landless. As suggested by the entries for all other categories of landowners, how-

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ever, small peasants pay from 154 to 339 percent of what their land resources would predict, while middle and upper-middle peasants, and especially the large landowners, underpay. Thus, from the standpoint of the average size of individual contributions, middle, upper-middle, and large landowners pay more than the average. But from the standpoint of their ability to pay, they pay less. However, just as payments are assessed to (and paid by) individuals rather than to units of land resources (i.e., farms), the benefits of self-help are largely (with the exception of cattle dips) enjoyed by individuals. Although those with relatively large landholdings may underpay on the basis of their resources, they probably do not overutilize self-help services on the basis of their numbers. Put differently, they may underpay on the basis of their ability to pay, but they overpay in terms of the benefits they receive. To that extent, they actually subsidize the less affluent.

As one would expect, poor peasants are more likely than rich ones to contribute labor rather than cash. The average labor contribution (in days devoted to self-help) thus declines as one moves across the spectrum of landowners from small peasants to large. The drop, however, is small. Small peasants contributed an average of 19.7 days' labor to self-help in the year prior to our survey; for large farmers, the figure was 15.9 days. The landless, however, who could be expected to be the greatest contributors of labor, averaged only 4.9 days; two-thirds of the respondents in this category said they contributed no labor at all. In terms of the Contribution Index by Population, the landless pay only 37 percent of what their numbers predict; small peasants pay 131 percent, while middle, upper-middle, and large landowners underpay slightly at 90 percent. Small peasants, especially those who own between one and two acres of land, are the greatest providers of labor contributions.

Finally, we turn to the question which strata of the peasantry benefit most from self-help. Our data here are purely subjective: they consist of the degree to which our respondents believe they have benefited, and of their anticipation of future benefits. No data are available on the actual amounts of specific benefits each respondent received from self-help. Notwithstanding the subjective nature of the information, it is striking that the highest assessments of the benefits received are reported by the landless and by small peasants. As indicated in Table 5, roughly three-fifths of all respondents believe that they have "benefited a great deal" from projects in their area, while virtually no respondents reported that they received "none." Those who reported receiving "very few" benefits seem to be somewhat more concentrated among the landless and small

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TABLE 5
PERCEIVED BENEFITS FROM SELF-HELP BY AMOUNT OF LAND OWNED

	Amount of Land Owned					
Perceived Benefits	*None*	*1-2 acres*	*3-5 acres*	*6-10 acres*	*11-20 acres*	*21+ acres*
Great deal	65%	59%	59%	57%	64%	56%
Some benefits	17	25	30	31	28	34
Very few benefits	15	16	10	12	8	9
None	3	—	1	—	—	1
N=	*(241)*	*(353)*	*(419)*	*(229)*	*(96)*	*(86)*

peasants. Indeed, more than half were members of these groups. The basic message of Table 5, however, is that belief in the value of self-help is broad-based, and that it is strongest among the rural poor.

An even deeper and more broad-based evaluation of the benefits to be derived from self-help was evoked when the respondents were asked to assess their prospects for future benefits as distinct from those already obtained: "Although you may have not received many benefits from these projects, do you think that you and the members of your household will receive more benefits in the future?" This question was purposely phrased to assess the level of anticipated benefit among those who may not have benefited from some projects prior to our study for reasons of ineligibility—for example, respondents who contributed to a secondary school, but whose children were too young to attend. Eighty-six to 92 percent of each category of landowners answered "yes"; the highest figure came from the landless, while the lowest was expressed by the rich.[17] Although these variations as well as those in Table 5 are within the range of sampling error, the data suggest that, far from manipulating self-help, some large landowners believe they must subsidize it.

The scope of this essay does not permit a detailed examination of the extent to which self-help transfers resources from the state and urban centers to the rural periphery, but our data and government documents strongly suggest that the net flow of benefits is in this direction. Self-help was initially encouraged by and given the official blessing of the Kenyan government in order to shift the cost of providing social services to the peasantry; the net result, however, has been a greater transfer of resources from the center than would have occurred had the movement never grown to its present size.

[17] Barbara Thomas reports a similar figure of 88%. *Ibid.*, 164.

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Private transfer payments to self-help projects in the form of small but daily contributions (5 to 50 Kenyan shillings) by members of the civil service and by urban wage earners are substantial. Regardless of their status and means, those who reside in the urban areas are subject to continuous "requests" for "donations" to some "worthy" self-help project. Urban residents carrying official receipt books solicit each other on behalf of projects located in their respective rural homelands. The relatively affluent, including civil servants, are prime targets; all individuals are expected to "give generously" in order to receive when they, in turn, are solicitors. Since their status back home is enhanced by remitting substantial collections, the pressure to collect and to contribute is intense. Information on the total amount of these private transfers is virtually impossible to obtain, but it is clear that they run in the millions of shillings annually.[18]

Public transfer payments in the form of state support of the recurrent costs of self-help—most notably salaries for primary- and secondary-school teachers—are also substantial; they exceed the costs of construction that are borne directly by the local community. These recurrent expenditures contribute to growing budget deficits, which rose to 404 million Kenyan pounds in 1986-1987; it is now state policy to hold the line.[19] In 1986-1987, 387 million Kenyan pounds, or 17 percent of the government budget, was devoted to education. More than half (52 percent) of this sum was spent to provide teachers for primary schools, virtually all of which were started through self-help. An additional 6 percent was spent on teachers for self-help secondary schools.[20] Roughly 212 million pounds—11 percent of the national budget and more than half of the budget deficit—was thus devoted to Harambee schools; this figure does not include government support for other self-help projects or other expenditures in the rural areas. Government support of self-help schools has risen an average of 16 percent per year since 1983-1984. At a time when it is official state policy to limit and, if possible, reduce social-service expenditures, such support is further testimony to the political clout of the self-help movement and the social base on which it rests.

[18] A 1971 survey of Nairobi wage earners indicated that 21% of their incomes were remitted to the rural areas. The figure is suggestive, although no breakdown was given for remittances to self-help as distinct from those to family members. Cited in Paul Collier and Deepak Lal, "Why Poor People Get Rich in Kenya, 1960-79," *World Development* 12 (No. 10, 1984), 1007-18, at 1016.

[19] Republic of Kenya, *Sessional Paper No. 1 of 1986* (Nairobi: Government Printer, 1986), 29-32.

[20] Ministry of Planning and National Development, *Economic Survey 1987* (Nairobi: Government Printer, 1987), 68, 178-82.

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Implications for the Kenyan Political Economy

Our response to the question, What is the social base of self-help? is that the base is the overwhelming majority of what we have termed the small and middle peasantry, with strong support from both the landless and the large landowners. We found that self-help is extremely popular among small and middle peasants; that they usually participate in more than one project; that they are taxed for it in a moderately progressive fashion, but that they perceive substantial benefits and are positive about the role of self-help in their future.

The landless and, to some degree, small landowners, have a complex relation to self-help because they do not have power within it. They are less likely to be leaders; many do not contribute money or labor, while others contribute only small amounts. Those who do contribute, however, may well give a greater proportion of their income than do middle peasants and large landowners. At the same time, the landless and the small landowners overwhelmingly believe that they stand to benefit. Indeed, a good number of them are virtual free riders in that they contribute little to project construction, but ultimately use the facility.

For small and middle peasants, self-help affords a measure of leverage on the state. In a situation where few well-funded policies are designed to benefit the landless and rural poor,[21] state toleration and support of self-help is one of the most positive of Kenya's rural development policies. Kenya's landless and poor smallholders would strongly agree. Self-help, however, is by no means an ideal policy or process for these strata. Ultimately, their interests lie in obtaining meaningful land reform, higher prices for the commodities they market (especially food), better rural-urban terms of trade, and rapidly expanding and well-remunerated employment. Because Kenya's slow-growing economy offers little prospect for an expansion of rural off-farm employment, and because land reform is barred by the power of the wealthy, self-help and the basic needs it fills (especially education) are of considerable importance for those supportive of the interests of the landless and small peasants.

Identifying the broad social base of self-help contributes to our understanding of the position of the peasantry and of self-help in Kenyan politics, and their significance for development policy. The broad and deep support and participation help to explain the power of the movement and the measure of accountability that self-help enables the peasantry to force upon the state. The political dynamics of self-help have given peasants

[21] Peterson (fn. 8), 59-83.

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some leverage over the state for the development of social services, but it is not clear whether this leverage carries over to other policy arenas, particularly agriculture.[22] More concretely, self-help has resulted in a greater expenditure of state funds on rural social services than the state intended to provide or wishes to sustain.[23]

The broad smallholder base of self-help has laid a carpet of local organizations across the rural landscape—an "organizational infrastructure" for advancing the peasants' interests. It is composed of experienced local leaders who have learned how to lobby effectively and to bargain with the state. This local infrastructure at the grass roots of Kenyan society is particularly powerful in areas where the level of project density is high, and where the overlapping memberships of adjacent project organizations give rise to interlocking directorates that are most effective at pressing their demands for state assistance. Such organizational structures are also better at enabling the state to reach the peasantry: the state can "plug into" the local community via self-help groups to a degree not possible where these nodes of local leadership and citizen participation do not exist.

The "bottom line" for the political relationship between the state and the peasantry is that the broad social roots of self-help among the peasantry and the peasants' leverage have forced the bureaucracy to acknowledge that they can ignore peasant opinion, local leaders, and local self-help organizations only at their peril. State officials who are insensitive to the peasantry in respect to self-help are less likely to find the peasantry cooperative when it comes to implementing state-initiated efforts (such as providing local contributions for state-initiated water projects). This form of accountability may happen only when it is forced upon the state from below—again, a testament to the semi-autonomous character of most self-help activity.

The politics of self-help and its significance for the long-term relationship between the peasantry and the Kenyan state are ambiguous. As private landowners, the majority of peasants support the patron-client capitalist structure of the Kenyan political economy. But they also perceive abuses in the form of corruption, misuse of office, ethnic favoritism, and

[22] Recent research by Robert Bates in Bungoma, Kakamega, Nandi, and Trans Nzoia Districts of Kenya indicates that smallholders, via their elected M.P.s, have become increasingly successful in securing higher official prices for their principal crop, maize. Between 1982 and 1986, the average producer price for maize increased 85% compared to 81% for coffee and 74% for tea—crops that are normally associated with relatively affluent smallholders. See *Economic Survey 1987* (fn. 20), 107.

[23] *Sessional Paper No. 1 of 1986* (fn. 19), 29-32. See also John M. Cohen and Richard M. Hook, "District Development Planning in Kenya," Development Discussion Paper No. 229 (Cambridge: Harvard Institute for International Development, 1986), 60-61, 65-67.

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a great political distance between themselves and the dominant elites that control the Kenyan state. Our data reveal that, while most peasants believe that self-help may enable them to extract something from the state, they also know that in most cases they must fend for themselves. This is especially true because of the fiscal crisis Kenya has faced throughout the 1980s and the dual policies of budget rationalization and administrative decentralization that the Kenyan government is pursuing to control the problem. While the former seeks to limit and ultimately reduce the level of public expenditures—especially recurrent expenditures for social services—the latter seeks to assert greater state control over all development planning and project initiatives in the rural areas.[24]

The final impact of these policies is unclear, but the pattern to date has been to limit the incidence of uncontrolled initiative from below as well as the involvement of Members of Parliament and other elected officials seeking to expand their political base. By exerting greater control over the planning and initiation of new projects, the state intends to give the green light to only a select group of "viable" projects, in keeping with scaled-back fiscal possibilities; in the process, it dampens initiative "outside the plan." Initiative will then lie primarily with the state; local involvement will diminish, and former self-help projects with possible state participation are likely to become state projects with possible local participation.

Self-help may be reined in by these policies, and with it the primary political vehicle of the small and middle peasantry. All this occurs in the broader policy context of "structural adjustment" urged by the International Monetary Fund and bilateral aid agencies in response to rising budget deficits, external debts, and balance-of-payments problems. The result is the risk of overregulation of self-help and the choking off of peasant initiative at the very time when the state wishes to shift a greater proportion of the cost of rural social services back to the peasantry.[25]

Because most projects are small and autonomous, however, it is unlikely that any attempt to rein the movement in will succeed. Projects that have emerged solely through local initiative and local resources are likely to continue that way, at least in the short term. Many projects, moreover, could benefit from increased state guidance to achieve more rigorous planning for their implementation—especially guidance on technical matters (for example, the design of a rural water system, the procurement

[24] The official name of the policy of decentralization is District Focus for Rural Development. It seeks to control all development efforts in the rural areas by requiring that all projects funded or partially supported by the state be reviewed by a series of local development committees culminating in the District Development Committee.

[25] Cohen and Hook (fn. 23), 77.

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of appropriate pipes for the system, the establishment of an organization to collect user fees, and so forth). Indeed, after a decade during which fewer than two-fifths of the projects assisted by the Rural Development Fund were fully implemented, the rate of project completion under the new system has climbed to over 85 percent since 1985. Thus, the policies of budget rationalization and administrative decentralization may serve mainly to clarify the rules of the game by which small and middle peasants and their representatives will compete with one another for shares of a static and possibly shrinking pie of state assistance. Under this scenario, project viability will be increased and a better working relationship will be established between the state and those groups within the peasantry that have organized projects chosen for state aid. At the same time, the intensity of competition for state assistance is also likely to rise within the peasantry. In view of the broad social base for self-help, this competition is unlikely to occur between social strata over the control of self-help within rural communities; rather, it is likely to be a sectional competition between adjacent communities, and especially between rich regions that already support many self-help projects and poorer regions that do not. Vertical ties between the peasantry and the state may be selectively strengthened under the new rules, but not so the horizontal relationships between regions.

This discussion puts self-help and its small- and middle-peasant base into political and developmental perspective. Self-help provides an effective mechanism for the defense of smallholders' interests in a difficult political and fiscal situation. Ironically, it also provides a measure of legitimacy for the state. Because many high-level officials in Kenya understand this, the state will seek to control the growth of state subsidies to self-help, but it will not shut the movement down. Self-help, in short, is not a zero-sum game between the peasantry and the state. In the continental context of partial to near-complete decay of state capacity and structures, this vehicle of legitimacy is a significant asset for both the peasantry *and* the state.

One of the reasons that self-help has been so durable in Kenya is that the state has been predictable. Local organization, initiative, regular elections, clientelist alliances, and well-known avenues for exerting influence, coupled with fairly reliable state funding and management of projects the state takes over, have given everyone something to aim at. But if political departicipation, a coup d'état, or chronic civil disturbances were to occur (as has been the case elsewhere in Africa), the self-help system would break down, and with it the primary vehicle of political leverage for small

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landowners.[26] The relationship between the state and self-help is reciprocal and mutually supportive. Each has contributed to the other's institutional growth. Because of this relationship, which would not exist without the broad social base on which self-help rests, a lot more rides on self-help than the pace of rural social-service development. The legitimacy of the state—indeed, the viability of the political system in the rural areas—may also turn on its continued dynamism.

[26] The prospects for such events cannot be ruled out. In 1982, Kenya experienced an attempted coup following the amendment of the country's constitution which made Kenya a *de jure* one-party state. Since the early 1980s, President Moi has intervened periodically in the process by which funds are raised for self-help by holding large public rallies for large showpiece projects which he controls, thus undercutting local initiatives for smaller projects under local control. In 1988, the President announced several controversial changes in the procedures for holding parliamentary elections. These included the holding of primary elections in which voters were required to queue behind pictures of the candidates they supported instead of casting secret ballots. Turnout in the primary elections was extremely low (about 13% of those eligible by age). The primaries and the general elections that followed were marked by an unusually high number of allegations of fraud.

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Review Articles

THE POLITICAL ECONOMY OF AMERICAN STRATEGY

By AARON L. FRIEDBERG*

David Calleo, *Beyond American Hegemony: The Future of the Western Alliance*. New York: Basic Books, 1987, 288 pp.

Paul Kennedy, *The Rise and Fall of the Great Powers: Economic Change and Military Conflict from 1500 to 2000*. New York: Random House, 1987, 677 pp.

THE study of the relationship between economics and strategy points in two different directions. On one hand, there is the problem of *extraction*—the ways in which the resources of a city, state, or empire can be mobilized and converted into the implements of military power. On the other, there is the question of *burdens*—how war and the preparations for it may affect the economy of a given political unit. The first issue has been a central preoccupation of statesmen, soldiers, and scholars since ancient times. The second, as Adam Smith anticipated, has become increasingly important as technology has developed, the destructiveness of war has increased, and the extent and cost to the state of peacetime military preparedness have grown.[1]

In the United States, substantial and sustained military expenditures are a relatively recent phenomenon, dating back only 45 years to the close of World War II. The possibility that such spending could disrupt or distort the domestic productive mechanism received a great deal of attention in the late forties and early fifties as Americans began for the first time to contemplate the full implications of a protracted cold war. By the early sixties, however, much of the anxiety about the United States' ability to

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[1] "The military force of the society, which originally cost the sovereign no expence either in time of peace or in time of war, must, in the progress of improvement, first be maintained by him in time of war, and afterwards even in time of peace." Adam Smith, *The Wealth of Nations: Volume II* (Chicago: University of Chicago Press, 1976), 230.

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preserve both economic and military strength, over what was referred to during the Eisenhower years as the "long pull," had begun to fade. It is only in the last ten years or so that these worries have started to re-emerge, sparked first by a decade of inflation and recession and, more recently, by fears about the precarious financial foundations and deteriorating industrial competitiveness of the American economy.

Whether the problems of recent decades are in fact the direct result of prolonged high levels of defense expenditure has now become a subject of heated academic and political debate. Many observers are convinced that the United States, if it is to improve its economic performance, will have to make major cutbacks in defense spending. Such cuts, in turn, will be possible only if Washington reduces substantially the array of external commitments it took on in the wake of World War II. The burdens of maintaining its postwar "empire" now seem to be sapping America's economic strength; the key to renewal, in this view, is withdrawal.

The economic case for retrenchment has two separate but related strands. Some analysts argue that, in attempting to uphold its many overseas alliances and diplomatic commitments, the United States has been led into persistent and harmful fiscal imbalances. Others blame the extended strategic posture and unprecedentedly large defense budgets of the postwar period for disrupting the processes of investment and economic growth, thereby hindering the United States in its competition with the other, less heavily burdened, industrialized countries.

An examination of the logic and the evidence underpinning each of these assertions reveals that both are, in important ways, misleading. At most, defense spending would appear to bear only a small fraction of the responsibility for the fiscal and industrial difficulties that the United States has experienced in the past several years. The argument that, in future, the U.S. must either retrench or face ruin is also incorrect. There is little doubt that the United States can, if it chooses to do so, continue to maintain a substantial and extended defense posture without doing itself grievous economic harm. The question is not so much whether the burden *can* be borne as whether it *should* be borne, and *who*, precisely, should bear it. The range of choice is actually much wider than many recent discussions of the relationship between economics and strategy would seem to suggest.

Fiscal Imbalances: *Beyond American Hegemony*

Since he wrote *The Atlantic Fantasy* in 1970, David Calleo has argued that the existing structure of NATO is unnatural and, over the long-run,

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unhealthy—both for the United States and for its European allies.[2] Instead of an arrangement in which the U.S. bears the greatest share of the responsibility for Alliance defense, Calleo has consistently favored arrangements that would shift a larger portion of the burden onto the Europeans themselves. He now maintains that what he calls a policy of "devolution" is not only desirable but essential if the United States wishes to preserve its own domestic health and to maintain the stability of the international economic system.

Although he bases his analysis primarily on a consideration of economic factors, Calleo actually begins with an important observation about the erosion in America's relative military power. After first toying with the idea of trying to match Soviet conventional forces, U.S. strategists in the early 1950s chose to rely instead on America's clear advantage in nuclear weapons. If the Soviets dared to attack a U.S. ally, they were to be met with crushing atomic and thermonuclear retaliation. So long as the Russians lacked any real capability for launching similar strikes against the United States, there was little reason to fear that they would ever initiate hostilities in the first place. If the U.S. retained its overwhelming nuclear superiority, it could defend its allies (or, at least, deter attacks on them) without building up large and expensive conventional forces. This policy of "massive retaliation" was, as Calleo puts it, a way of maintaining American "hegemony on the cheap" (p. 41).

By the late 1950s, the Soviet Union was beginning to deploy forces capable of striking directly at the continental United States. As American invulnerability dwindled, so did the European countries' confidence in the willingness of the U.S. to initiate nuclear war on their behalf. The shifting strategic balance seemed to push the burden of deterrence downward onto the conventional forces of the United States and its allies. This reasoning was first adopted by President Kennedy in the early 1960s and has been adhered to by all successive administrations.

Under Kennedy, the U.S. began once again to expand its conventional forces while urging the Europeans to follow suit. This, in Calleo's account, is where the problems of the present really have their origin. With the exception of a brief period in the late sixties and early seventies, the last 25 years have been marked by a series of efforts by the United States to increase its conventional military power in order to compensate for a loss of strategic nuclear superiority. The problem is that, compared to their nuclear counterparts, conventional forces are quite expensive. As a result (with the exception of the immediate post-Vietnam period), there has tended to be a strong upward pressure on American defense budgets.

[2] David P. Calleo, *The Atlantic Fantasy: The U.S., NATO, and Europe* (Baltimore: The Johns Hopkins University Press, 1970).

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That pressure, combined with the increasing cost of government-funded social programs, has helped to create the deficits of the last three decades. Since 1961, federal outlays have been permitted to exceed revenues in every year except one (1969). According to Calleo, this abandonment of the traditional principles of fiscal restraint was sanctioned first by a renewed faith in Keynesianism, and then, in the 1980s, by the alluring assumptions of "supply side economics."[3]

Most countries would be prevented from running indefinite budget deficits by the requirements of participating in the international economic system. Unless accompanied by tight monetary policy, deficit spending tends to be inflationary; Calleo explains that, in an open world economy, money will flow away from the national currency of a state with a relatively high inflation rate. Thus, in most cases, "the inflationary country suffers a balance-of-payments deficit and its currency begins to weaken against other currencies."[4]

In response to these pressures, an "ordinary" country would have to check inflation by balancing its budget or constricting its money supply. But the United States is not an ordinary country. Thanks to the central role of its currency in the world financial system, it has been able to run a "chronic basic balance-of-payments deficit" (p. 83). According to Calleo, this has meant that since the 1960s, the U.S. has been able to escape any external discipline on its increasingly unbalanced domestic fiscal policies. In doing so, however, it has caused serious economic problems for some of its most important allies and trading partners. In the 1960s and 1970s, a combination of budget deficits and loose monetary policy meant that America was essentially exporting inflation (pp. 83-93). During the Reagan administration, continued deficits combined with tight money to produce relatively high real interest rates and a vast influx of foreign funds.[5] Once again, the dollar was propagating the effects of American domestic fiscal irresponsibility internationally.

The chain of causality that Calleo has identified may be summarized as follows: Washington's commitment to the defense of Europe leads to excessive defense spending, which contributes to persistent deficits, which, in turn, encourage international economic instability. The way to set things straight is to go to the source of the problem. The United States must cut into its defense budget by reducing its contribution to NATO. For starters, the U.S. Army should disband five of the ten divisions it cur-

[3] For a more detailed discussion of these developments, see David P. Calleo, *The Imperious Economy* (Cambridge: Harvard University Press, 1982).

[4] David P. Calleo, "Inflation and American Power," *Foreign Affairs* 59 (Spring 1981), 784.

[5] As Calleo describes it, "American monetary and fiscal policies were sucking capital from Europe, and the consequences were blighting Europe's domestic prosperity" (p. 101).

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rently maintains for use in the European theater. Instead of five divisions on the Continent and five NATO-designated divisions in reserve at home, the Army should keep no more than three divisions on the ground in Europe, with the other two based in the United States. Whatever gap this leaves in NATO's ground defenses should be made up by greater (and more closely coordinated) British, French, and German efforts. In addition to their expanded conventional role, the European powers should also field a more credible "indigenous deterrent." This could take a variety of forms, and might even include an independent German nuclear force (pp. 165, 169, 170).

Putting aside the questions of whether the changes Calleo proposes are either strategically desirable or equitable (in terms of intra-alliance "burden sharing"), are they, as he concludes, economically *necessary*? The crucial link in Calleo's causal chain is the first one, which connects high defense spending with big budget deficits. If this link is strong, the argument stands and the conclusions follow. If it is weak, the situation may be more complex than it appears at first glance.

Budgetary outcomes are, of course, never the *result* of any one thing. They are, instead, a *resultant* of several sets of decisions taken simultaneously—about expenditures, on the one hand, and about appropriate levels of taxation, on the other. It therefore makes little sense to blame defense outlays alone for a particular deficit without reference to what was going on in other spending categories as well as on the revenue side of the budget ledger.

This said, it is clear that, from the early 1960s to the late 1970s, the connection between defense and deficits was extremely weak. Although military outlays increased in terms of absolute, current dollars, they did not grow nearly as quickly as total government spending or the economy as a whole. During this period, defense spending actually fell as a percentage of total government outlays (from 50 percent in 1960 to 23 percent in 1980) and of gross national product (from slightly over 9 percent of GNP to 5 percent in the same 20-year interval). (See Figures 1 and 2.)

As defense spending went down in relative terms, nondefense spending rose dramatically from the mid-sixties on. Between 1965 and 1980, nondefense expenditures (not including interest payments on the national debt) increased from 50 to 68 percent of government outlays and from 9.5 to 17 percent of GNP. In the nondefense category, so-called "entitlement programs" (mostly Social Security, Medicare, and pensions) expanded most rapidly. Between 1965 and 1980, payments to individuals grew from 27 to 47 percent of total outlays and from 4.6 to 10 percent of GNP. (See Figures 1 and 2.)

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FIGURE 1

SELECTED GOVERNMENT OUTLAYS AS A PERCENTAGE OF TOTAL OUTLAYS

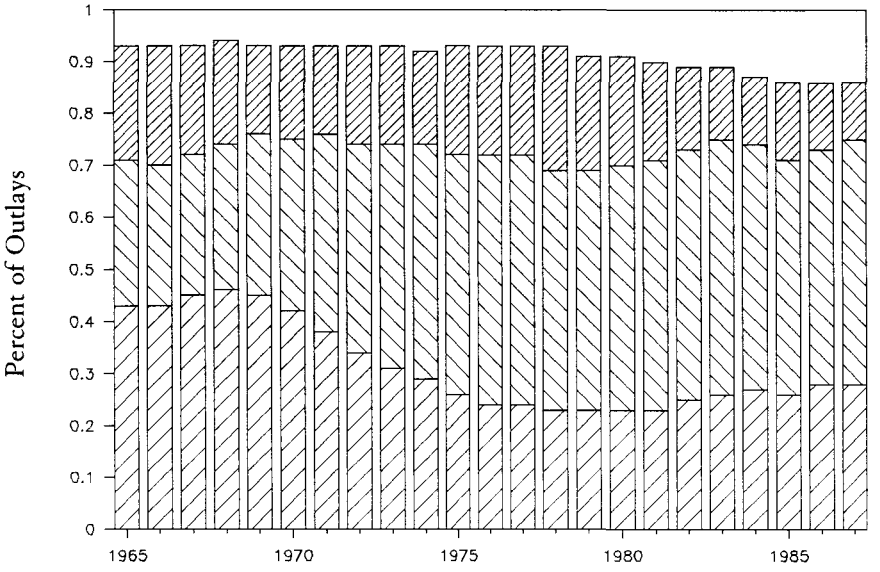
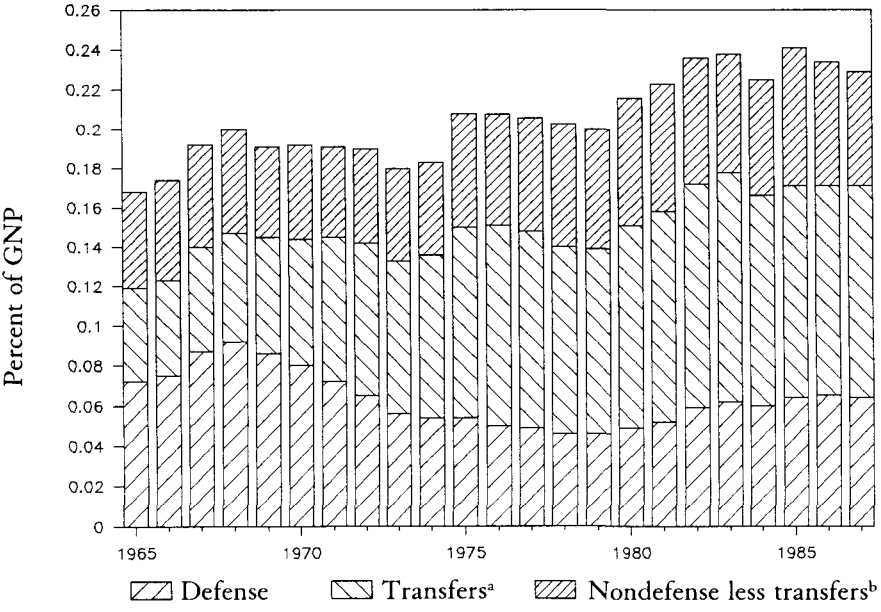


FIGURE 2

GOVERNMENT OUTLAYS AS A PERCENTAGE OF GNP



These figures do not include net interest payments by the government.

[a] Includes Veterans Benefits, Social Security Benefits, Medicare, Medicaid, and Aid for Families with Dependent Children (AFDC).

[b] Includes government purchases of goods and services that are not directly used for national defense, such as roads, office buildings and salaries for nondefense personnel.

Sources: Outlay figures for 1965-1985 are from *Facts and Figures on Government Finance*

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(Washington, DC: Tax Foundation, 1986). Outlays for 1986-1987 are from Office of Management and Budget, *The Budget in Brief Fiscal Year 1989* (Washington, DC: U.S. G.P.O., 1988). GNP figures for 1965-1982 are from Department of Commerce, Bureau of Economic Analysis, *National Income and Product Accounts 1929-1983* (Washington, DC: U.S. G.P.O., 1986); for values thereafter see Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, July 1986 and March 1988.

While government expenditures on defense and nondefense programs together absorbed an increasing share of gross national product, federal tax revenues stayed more or less constant as a percentage of GNP. Until the late seventies, budget receipts grew at the same rate as the economy, and hovered at around 18 percent of GNP.[6] The confluence of these trends produced a series of increasing, but still fairly minor, annual budget deficits. Although they were generally bigger in absolute terms than those of the preceding decade, the deficits of the seventies were still comparatively small in relation to the size of the national economy, averaging only 1.7 percent of GNP each year.[7]

Except for the Vietnam War years, the 1960s and 1970s marked the continuation of a larger historical tendency toward what one analyst has called the "waning of the warfare state" and the rise of an American "welfare state."[8] The general upward trend in budget deficits during this period was not, as Calleo candidly acknowledges at various points, the product of any one thing.[9] Spending of all sorts increased and revenues did not keep pace. On the spending side, however, the expansion in social services played a far more significant part in unbalancing the federal budget than did the much slower growth in defense outlays.

During the 1980s, the connection between defense and deficits has been far stronger; still, defense spending alone cannot be said to have caused the excess of expenditures over revenues. Under the Reagan administration, federal resources were shifted away from those nondefense programs that did not involve payments to individuals and toward de-

[6] Keith M. Carlson, "Trends in Federal Revenues: 1955-86," *Federal Reserve Bank of St. Louis Review* 63 (May 1981), 34.

[7] Peter G. Peterson, "The Morning After," *The Atlantic Monthly* (October 1987), 44. The real significance of even these larger deficits was (and is) a subject of debate among economists. One authority has recently argued that conventional methods of calculating the magnitude of the deficit without correcting for inflation are seriously misleading. Properly adjusted, the deficits of the inflationary late 1970s actually appear as real *surpluses*. See Robert Eisner, *How Real Is the Deficit?* (New York: Free Press, 1986). For a review of changing expert opinion on the significance of budget deficits, see Paul G. Peterson, "The New Politics of Deficits," *Political Science Quarterly* 100 (Winter 1985-86), 575-601.

[8] James L. Clayton, "The Fiscal Limits of the Warfare-Welfare State: Defense and Welfare Spending in the United States Since 1900," *Western Political Quarterly* 29 (September 1976), 364-83.

[9] He notes, for example, that "the unbalanced fiscal policy of the 1960s could not, of course, be blamed on military and space spending alone." Concerning the 1970s, he points out that "while U.S. military expenditures did fall in the wake of Vietnam, the rapid growth of domestic social services more than offset that decline" (pp. 87 and 91).

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fense and interest on the national debt. Between 1980 and 1987, defense increased its share of outlays (from 23 to 28%) and of GNP (from 5 to 6.3%), while nondefense spending (excluding interest) fell from 68 to 58% of outlays and from 15.1 to 13.2% of GNP. Out of this total, transfer payments held steady (at around 47% of outlays and 10.5% of GNP), and cuts were made in funding for such items as energy, education, community development, and public service employment.[10]

Without a change in tax policy, these shifts in expenditures might have produced substantial yearly budget surpluses.[11] In 1981, however, the Reagan administration chose to lower taxes, hoping in the process to stimulate economic growth and to generate the revenues needed to make up any temporary gap between defense increases and nondefense cuts.[12] In the event, a supply-side dividend of the magnitude that had been predicted (and presumably expected) did not materialize. Tax receipts grew much less quickly than outlays, deficits skyrocketed,[13] debt increased, and interest payments came to claim an increasing share of the national budget and of GNP.[14]

There is nothing about defense expenditures or even defense buildups that causes them inevitably to produce budget deficits. Imbalances result when governments are unable or unwilling to raise taxes or reduce other forms of spending sufficiently to pay for increased military outlays. Even a buildup as big and as rapid as that recently undertaken could conceivably have been carried out without producing massive fiscal imbalances.[15] If the Reagan administration had reduced taxes less or kept them con-

[10] Figures were calculated from tables in *The United States Budget in Brief, FY 1989* (Washington, DC: G.P.O., 1988), 102 and 116. For a review of spending on the various components of the budget during the Reagan years, see *ibid.*, pp. 49-90.

[11] According to Carlson (fn. 6, p. 37), if there had been no change in tax policy, federal budget receipts would by 1986 have equaled 24% of GNP. As things turned out, at that point revenues had fallen to around 18% of GNP while expenditures had risen to around 23%. *Economic Report of the President, 1988* (Washington, DC: G.P.O., 1988), 31.

[12] M. Ishaq Nadiri, "Increase in Defense Expenditure and Its Impact on the U.S. Economy," in David Denoon, ed., *Constraints on Strategy: The Economics of Western Security* (New York: Pergamon-Brassey's, 1986), 33-34.

[13] Deficits averaged $157 billion for the years 1980-1987 and reached a peak of $221 billion in 1986. *Economic Report of the President* (fn. 11), 337. In 1986, the deficit equaled 4.9% of GNP. Peter Peterson (fn. 7), 44.

[14] Interest payments went from 8.8% of outlays and 1.9% of GNP in 1980 to 13.8% and 3.1%, respectively, in 1987. *U.S. Budget in Brief* (fn. 10), 102 and 116.

[15] During the Korean War, for example, defense budgets grew from under 5% of GNP to over 13% between 1950 and 1954 (as compared to a smaller than 2% increase between 1980 and 1987). While the war was going on, however, taxes were increased, civilian spending was permitted to fall as a percentage of GNP and, as a result, deficits increased only slightly. Robert W. DeGrasse, Jr., *Military Expansion, Economic Decline* (New York: Council of Economic Priorities, 1983), 135-37. For a comparison of the Korea, Vietnam, and Reagan buildups, see Lester Thurow, "How to Wreck the Economy," *The New York Review of Books*, May 14, 1981, pp. 3-8.

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stant, if it had accelerated defense spending more gradually, or if it had been more successful in slowing the growth of nondefense programs, it could have expanded U.S. military capabilities without increasing the size of the deficit.

The array of possible combinations of taxes and expenditures that might have permitted a fully financed buildup is virtually infinite. Similarly, the imbalances that now exist could, in theory, be brought down through a variety of differently mixed fiscal policies.[16] Deep defense cuts of the sort Calleo proposes would certainly be one way of approaching the problem. In view of the magnitude of the present gap between revenues and expenditures, however, it is unlikely that such reductions would be sufficient, in and of themselves, to bring the federal budget fully into balance. According to projections by the Congressional Budget Office, the deficit could remain at around $150 billion per year into the early 1990s.[17] Calleo estimates that a 50-percent cut in U.S. ground forces in NATO would save "only" $67 billion in annual expenditures (p. 269). As radical as it may seem at first glance, Calleo's proposal is therefore, quite literally, something less than a halfway measure.

Mere devolution will not be sufficient to get rid of the deficit; on the other hand, major changes in military strategy may also not be necessary in order to achieve substantial savings on the defense budget. By slowing the rate of growth in annual expenditures from 3 to 2 percent, the Defense Department planned in 1988 to trim an average of $40 billion annually from previously programmed spending.[18] Some civilian analysts have proposed even larger cuts that would still leave about the same number of U.S. ground forces in Europe and Asia.[19] Whatever the risks involved in trying to maintain existing commitments at a lower level of defense effort, a rational strategic planning process would have to weigh them against the possible dangers of a substantial U.S. pullback from its present world position.

Unless the United States gets out of NATO altogether and cuts its military budget in half, dissolving the deficit will probably require some mix

[16] Whether the aim of the government's policy ought to be the total, automatic elimination of yearly deficits is, of course, another question. For the case against reflexive budget balancing, see Eisner (fn. 7), 145-64. For a history of the balanced budget as a potent political symbol, see James D. Savage, *Balanced Budgets and American Politics* (Ithaca, NY: Cornell University Press, 1988).

[17] For a range of estimates, see *The Economist*, February 20, 1988, pp. 25-26.

[18] "The Pentagon Is Learning to Live With Less," *New York Times*, April 3, 1988, p. E5.

[19] William Kaufmann has suggested a variety of other reductions (especially in strategic nuclear and naval forces) that could save close to $370 billion over the next five years without requiring a withdrawal of U.S. ground forces from Europe. See David P. Calleo, Harold van B. Cleveland, and Leonard Silk, "The Dollar and the Defense of the West," *Foreign Affairs* 66 (Spring 1988), 854-55.

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of tax increases and reductions in nondefense as well as defense expenditures. There is certainly no shortage of ways in which the federal government could "enhance revenues," whether by "soaking the rich" and taxing "sinners,"[20] by creating a new nationwide consumption tax,[21] or by imposing charges for energy use and environmental pollution.[22] Some of these measures might even have economic and broader societal benefits, whatever their impact on the government's fiscal well-being.

Along with cuts in defense and increases in taxes, civilian spending could also be reduced in a variety of ways. Following the precedent set during the Reagan years, the new administration may choose to slice even more deeply into nondefense, nonentitlement programs.[23] Further savings could also be obtained by restricting the costs of government operations.[24] Alternatively, the Bush administration could try to change the structure of entitlement programs that has been built up over the past thirty years. According to one recent estimate, 85 percent of the benefits from those programs are now provided on a "non-means-tested basis"; in other words, they are paid out to individuals regardless of their incomes.[25] The federal government could undoubtedly save a great deal of money if

[20] By one estimate, increasing the top marginal income tax rate from 28 to 30% could generate $76 billion in additional revenues over the next five years. Adding a 33% bracket would affect only a relatively small number of taxpayers, but could yield almost $30 billion over the same period. Higher taxes on beer, wine, distilled spirits, and cigarettes could bring in over $43 billion between 1989 and 1993. See *Reducing the Deficit: Spending and Revenue Options* (Washington, DC: Congressional Budget Office, 1988), 285-88 and 351-53.

[21] A flat 5% value-added tax (VAT) would yield almost $460 billion over the next five years. Even if items like food, housing, and medical care were excluded (to reduce what might otherwise be a disproportionate burden on people with lower incomes), a national VAT would still bring in over $260 billion during the same period (*ibid.*, 342-45). For an analysis of possible taxes on consumption, see Charls E. Walker and Mark A. Bloomfield, eds., *The Consumption Tax: A Better Alternative?* (Cambridge, MA: Ballinger, 1987). For a variety of other tax proposals, see "Doing the Unthinkable: Six Recipes for Raising Federal Taxes," *The New York Times*, October 16, 1988, p. F2. Also see Herbert Stein, "Tax the Rich, They Consume Too Much," *The New York Times*, October 23, 1988, p. F2.

[22] A $5 per barrel fee on domestic and imported oil would bring in $106 billion over five years. An oil import fee alone would yield $41 billion. A 12 cent per gallon increase in the tax on motor fuel would raise $57 billion. Imposing a charge on sulfur dioxide and nitrogen oxide emissions and on the production of hazardous wastes could bring in almost $12 billion in five years. See *Reducing the Deficit* (fn. 20), 351-56.

[23] For example, cancellation of a planned new NASA space station would eliminate $13 billion in expenditures between 1989 and 1993; elimination of the controversial Superconducting Super Collider particle accelerator would save over $2 billion during the same period. *Ibid.*, 184-85 and 188-89.

[24] A 2% annual cap on pay increases for government employees might save as much as $21 billion over the next five years. *Ibid.*, 259-61.

[25] In 1986, the federal government made payments of $455 billion to individuals, with the majority going to non-means-tested programs like Social Security and Medicare ($271 billion), civil service and military retirement benefits ($47 billion), and agricultural subsidies ($26 billion). By contrast, unemployment compensation amounted to only $18 billion. Peter Peterson (fn. 7), 61.

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it provided less to those who are already relatively well off.[26] Controlling the rate at which benefits increase (rather than, as under present law, requiring that they rise automatically with the consumer price index) would also serve to slow the growth in social spending; it could be argued that such changes would impose relatively little hardship on any individual recipient.[27]

In terms of simple bookkeeping arithmetic, there is obviously no single solution to the deficit problem. Whether the best way to proceed would be to cut spending (either on defense or nondefense items, or on both) or to increase taxes, or some combination of the two is therefore a matter of societal choice; it is a *political* issue rather than, in any sense, a "purely" economic one. Calleo acknowledges this when he admits that there may be alternatives to his plan, but he quickly dismisses these as unacceptable to the American electorate.[28] Although he sometimes seems to suggest that devolution is economically inescapable, in the end he argues that it is the only politically acceptable way of eliminating the deficit.

Even this lesser assertion is not self-evident. Whatever their merits or drawbacks, none of the above measures are so far-fetched as to be inconceivable. In any case, if the fiscal gap is to be narrowed in the years ahead, some changes in taxes and civilian spending are likely, with or without substantial shifts in foreign and defense policy. A major struggle over priorities is therefore quite probable. How that struggle is resolved will depend, among other things, on the coalition-building skill of the president, the balance of power in Congress, the influence of various groups whose interests are inevitably affected by any major change in government fiscal policy, and the impact of unforeseen and unpredictable international events.

To sum up, an American pullback from Europe may be strategically

[26] Former Secretary of Commerce Peter Peterson estimates that, if retirement ages were gradually increased, initial benefits to those in upper income brackets were lowered, and taxes were imposed on benefits that exceed contributions, the federal government could save over $50 billion annually by the year 2000. *Ibid.*, 69.

[27] One proposal calls for limiting cost-of-living adjustments on Social Security, railroad retirement, and other non-means-tested programs to 66% (instead of 100%) of any increase in the consumer price index over the next five years. Offsetting increases could be provided to the recipients of means-tested programs and Medicare benefits. This approach could save over $62 billion; assuming continued moderate inflation, however, it would leave beneficiaries 7% worse off in 1993 than they would have been under full price indexing. *Reducing the Deficit* (fn. 20), 145-49. For an additional discussion of the entitlements issue, see Murray Weidenbaum, *Rendezvous with Reality: The American Economy after Reagan* (New York: Basic Books, 1988), 33-37. Also see Peter G. Peterson and Neil Howe, *On Borrowed Time: How the Growth in Entitlement Spending Threatens America's Future* (San Francisco: Institute for Contemporary Studies Press, 1988).

[28] See his discussion of "America's Budgetary Dilemma" (pp. 109-26). See also Calleo, Cleveland, and Silk (fn. 19), 851-53.

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feasible. It may be desirable as a way of promoting more equitable burden sharing between the U.S. and its NATO allies. But it is not essential for financial reasons. The United States can put its budgetary house in order without drastic reductions in defense spending, and it may even be able to do so without radical tax increases or extensive cuts in existing social programs. Solvency and world power are not necessarily incompatible.

LONG-TERM EROSION: *The Rise and Fall of the Great Powers*

Even if the present geopolitical posture of the United States can be maintained without harmful fiscal imbalance, it may be that doing so will still cause long-term damage. Over a sufficiently protracted period, pouring money into defense may weaken the U.S. economy and further erode its international competitive position—even if, year by year, it does not derange the nation's finances. That, at least, is the contention of Paul Kennedy's important and much-discussed book.

Stripped of its rich historical flesh, the skeleton of Kennedy's argument is actually quite simple. Looking back over almost five hundred years of history, Kennedy perceives a recurrent two-step process, driven forward ceaselessly by the engine of uneven economic growth.[29] During any given period, the dominant units of social organization (nation-states in the modern era) have increased their wealth at unequal rates. This pattern of differential growth is a result of the fact that periodic "technological and organizational breakthroughs" tend to "bring a greater advantage to one society than to another" (pp. xv-xvi).[30]

Although the correlation has not always been exact or immediate, states that have grown wealthier than their competitors have also tended, over time, to become more powerful in military terms. The reasons for this are easy to see. As Kennedy explains it: "Once their productive capacity was enhanced, countries would normally find it easier to sustain

[29] The idea that uneven economic development is an important underlying cause of international conflict dates back to Thucydides; it was reintroduced in this century by Lenin. See the discussion in Robert Gilpin, *The Political Economy of International Relations* (Princeton: Princeton University Press, 1987), 54-56.

[30] Kennedy later suggests that "the speed of . . . global economic change has not been a uniform one, simply because growth is itself irregular, conditioned by the circumstance of the individual inventor and entrepreneur as well as by climate, disease, wars, geography, the social framework, and so on" (p. 439). Scholars from a variety of disciplines have tried to explain why it is that growth rates are uneven across countries and why, in any one state, they tend to diminish over time. See Carlo Cipolla, ed., *The Economic Decline of Empires* (London: Methuen, 1970); Mancur Olson, *The Rise and Decline of Nations* (New Haven: Yale University Press, 1982); and Robert Gilpin, *War and Change in World Politics* (New York: Cambridge University Press, 1981).

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the burden of paying for large-scale armaments in peacetime and maintaining and supplying large armies and fleets in wartime." Because "wealth is usually needed to underpin military power," it seems obvious that the more wealth a country has in relation to its neighbors, the greater its potential for obtaining military advantage over them (p. xvi).

Historically, the wealthiest and strongest states have tended to expand their political influence. The superior military might that these countries can generate gives them the capacity to conquer and colonize "peripheral" areas (as Spain, the Netherlands, France, and Great Britain all did in their time) and to defeat other major powers (as the United States has done in the twentieth century). Riding the wave of economic development, one state after another has risen to "Great Power" status. But this rise is only half of the story. The ascent of any given country, no matter how powerful it may be at its peak, does not bring the process of economic progress to a close. The forces that, for a time, worked to the advantage of one state will rarely continue to do so for very long. Countries that are left behind during one cycle of development and growth may be able to reassert themselves and perhaps even to pull ahead in subsequent phases. In time, the biggest, fastest-growing states will have their chance to become the world's leading military powers.

Historians, economists, and political scientists have long noted the crucial role of wealth in promoting the accumulation of military power.[31] In explaining the decline of the mighty, however, Kennedy postulates the existence of a less commonly recognized mechanism. As they grow richer and stronger, states typically acquire commitments beyond their own borders. These may take a variety of forms: "dependence on foreign markets and raw materials, military alliances, perhaps bases and colonies." At first, these interests may be relatively easy for a rapidly growing country to defend. With shifts in the locus of economic leadership, however, this happy coincidence of capabilities and commitments is unlikely to last. As Kennedy describes the beginning of this next historical stage: "Other, rival Powers are now economically expanding at a faster rate, and wish in their turn to extend their influence abroad" (p. xxiii). As this happens, the dominant state will feel increasingly vulnerable. In order to defend its home territory and, even more urgently, its external interests, it will have to undertake larger and more costly defensive efforts. Ironically, these exertions may actually *weaken* a country rather than make it stronger and

[31] For a review of early modern thinking on this subject, see Gordon H. McCormick, "Strategic Considerations in the Development of Economic Thought," in Gordon H. McCormick and Richard E. Bissell, eds., *Strategic Dimensions of Economic Behavior* (New York: Praeger, 1984), 3-25.

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more secure. As more is spent on defense, the once-dominant power's rate of overall economic growth will slow even further, thereby accelerating the process of relative decline and worsening the country's strategic problems. According to Kennedy: "If too large a proportion of the state's resources is diverted from wealth creation and allocated instead to military purposes, then that is likely to lead to a weakening of national power over the longer term" (p. xvi).

In Kennedy's view, the United States has recently entered the second, downward portion of its trajectory as a Great Power. By the beginning of the twentieth century, the U.S. had surpassed all other states in such measures of economic capability as steel production and energy consumption (pp. 200-202). On the eve of World War I, Americans were enjoying a per capita income greater than that of any other industrialized state (p. 243). Still, despite its crucial role in determining the outcome of that conflict (p. 271), for domestic political reasons the United States remained a latent or "offstage" superpower (p. 320), reluctant to play the military and political role to which it was entitled by its economic prowess.

Only the colossal upheaval of World War II proved sufficient to draw the United States permanently onto the global stage. Emerging in 1945 with enormous economic and military advantages over all possible rivals, America finally began to follow a course that, as Kennedy puts it,

> could come as no surprise to those familiar with the history of international politics. With the traditional Great Powers fading away, it steadily moved into the vacuum which their going created; having become number one, it could no longer contain itself within its own shores, or even its own hemisphere (p. 359).

It matters little whether the United States jumped or was pulled into its new role. Within a very brief period, the country had abandoned its isolationist traditions and acquired a vast assortment of overseas interests and outposts (pp. 389-90). These were easy enough to defend at first, but soon the U.S. began to encounter problems similar to those of all previous "number one" nations. As the Soviet Union and the countries of Europe and Asia recovered from World War II, America's economic edge began to dwindle. Yet, from the early 1950s on, the nation's overseas commitments have remained largely unchanged.

By the 1970s, the United States found itself increasingly in a situation of "imperial overstretch" or "strategical overextension" (p. 515). Because of the scope of its responsibilities, the persistence of the Soviet Union as a major military power (although one that is itself faced with severe economic problems), and the rising costs of weapons systems, the United States has been forced to spend considerable sums on defense (pp. 515-23).

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At the same time, the massive American economic lead of the 1940s and 1950s has been eaten away at a rapid rate. As a result, the U.S. capacity to carry its assorted burdens is "obviously less than it was several decades ago" (p. 529).

According to Kennedy, the United States is now caught on the horns of a familiar dilemma. If it reduces military spending, it will wind up "feeling vulnerable everywhere." If it attempts to sustain "a very heavy investment in armaments," it can buy greater security in the short run; but, in the process, it may "so erode the commercial competitiveness of the American economy that the nation will be *less* secure in the long term" (pp. 532-33). Although Kennedy does not spell out the implications for American foreign policy in detail, they seem clear enough. The United States cannot preserve its existing strategic position, nor can it completely reverse the relative erosion in its power. The best that can be hoped for is that American statesmen will "manage" that erosion so that it "takes place slowly and smoothly, and is not accelerated by policies which bring merely short-term advantage but longer-term disadvantage" (p. 534). Kennedy does not say so, but the successful "management" of relative decline would appear to require a withdrawal by the U.S. from all or some of its present commitments and a redirection of the resulting savings from military expenditure to civilian investment. Only in this way can the country hope to hold onto even its "natural" share of the world's wealth and power, which should probably be "16 or 18 percent" as compared to the 40 percent it had acquired by 1945 (p. 533).

At the heart of the second half of Kennedy's general argument—one that he seeks to make not only about the United States, but about the other Great Powers of the past—is the question of whether and under what conditions defense spending may inhibit economic growth. This question is, as Kennedy notes, "a highly controversial one . . . and the evidence does not point simply in one direction" (pp. 531-32). Indeed, according to a recent survey, "the literature offers no clear and simple answer to the question: Does defense spending have an impact on economic performance?"[32]

[32] Steve Chan, "The Impact of Defense Spending on Economic Performance: A Survey of Evidence and Problems," *Orbis* 29 (Summer 1985), 403-34, at 409. For a small sampling of the available literature, see James L. Clayton, ed., *The Economic Impact of the Cold War* (New York: Harcourt Brace, 1970); Lloyd Dumas, *The Overburdened Economy* (Berkeley: University of California Press, 1986); Mary Kaldor, *The Baroque Arsenal* (New York: Hill & Wang, 1981); Gavin Kennedy, *The Economics of Defence* (London: Faber & Faber, 1975); Kurt W. Rothschild, "Military Expenditure, Exports and Growth," *Kyklos* 26 (No. 4, 1973), 804-14; Bruce Russett, "Defense Expenditures and National Well-Being," *American Political Science Review* 76 (December 1982), 767-77; Dan Smith and Ron Smith, *The Economics of Militarism* (London: Pluto Press, 1983); Harvey Starr, Francis W. Hoole, Jeffrey A. Hart, and John R. Freeman, "The Relationship between Defense Spending and Inflation," *Journal of Conflict*

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The connection between defense and growth may depend in part on a state's level of economic development. Although their views are controversial, some analysts believe that less developed countries need not suffer and can actually benefit from high levels of military spending.[33] In the short term, at least, the impact of defense expenditures is also a function of domestic economic conditions;[34] an identical expansion in military budgets could stimulate a flagging economy or produce inflation in one already operating at close to full capacity.[35] Using various statistical techniques, a number of researchers claim to have found a correlation over the long run between large military budgets and low levels of investment or economic growth,[36] but the validity and significance of these results have been questioned by other analysts.[37]

Kennedy is not, of course, interested in all countries under all conditions, but in Great Powers and especially those that have entered into a period of economic decline. On the crucial question as to what part military expenditures may play in bringing on that decline, Kennedy is somewhat vague. At some points he seems to suggest that the difficulties produced by defense spending are simply a function of time and level of effort. Thus he maintains that "the historical record suggests that if a particular nation is allocating *over the long term* more than 10 percent (and in

Resolution 28 (March 1984), 103-22; *Report of the U.S. President's Committee on the Economic Impact of Defense and Disarmament* (Washington, DC: G.P.O., 1965).

[33] For an overview of this debate, see *ibid.*, 405-10. See also David K. Whynes, *The Economics of Third World Military Expenditure* (Austin: University of Texas Press, 1979).

[34] One recent study finds, for example, that, "if there can be any single conclusion about the effects of military expenditure on the economy, it must be that it depends on the nature of the expenditure, the prevailing circumstances, and the concurrent government policies." Ron Smith and George Georgiou, "Assessing the Effect of Military Expenditure on OECD Economies: A Survey," *Arms Control* 4 (May 1983), 3-15, at 15.

[35] See, for example, an analysis of the probable macroeconomic impact of the Reagan buildup in *Defense Spending and the Economy* (Washington, DC: Congressional Budget Office, 1983), 9-36.

[36] The claim that defense hurts investment is supported, for example, by a comparison of the 14 OECD countries in Ronald P. Smith, "Military Expenditure and Investment in OECD Countries, 1954-1973," *Journal of Comparative Economics* 4 (March 1980), 19-32. A similar study of 17 industrialized countries between 1960 and 1980 found that "nations with a larger military burden tended to invest less," but it concluded also that there was only "weak evidence that higher military spending correlates with lower real economic growth." DeGrasse (fn. 15), 67-68.

[37] See the critique of Smith and DeGrasse in Gordon Adams and David Gold, *Defense Spending and the Economy: Does the Defense Dollar Make a Difference?* (Washington, DC: Defense Budget Project, July 1987), 14-19. For a brief critical overview of the literature on this question, see David Greenwood, "Note on the Impact of Military Expenditure on Economic Growth and Performance," in Christian Schmidt, ed., *The Economics of Military Expenditures* (New York: St. Martin's, 1987), 98-103. After reviewing the performance of Britain, France, Germany, Japan, and the United States during the nineteenth and twentieth centuries, two researchers have recently concluded that "the defense-investment substitution effect is not quite as prevalent as many think." Karen Rasler and William R. Thompson, "Defense Burdens, Capital Formation, and Economic Growth," *Journal of Conflict Resolution* 32 (March 1988), 81.

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some cases—when it is structurally weak—more than 5 percent) of GNP to armaments, that is likely to limit its growth rate" (p. 609; emphasis in original). More typically, he argues that defense becomes a problem only during certain phases of a Great Power's development and, in particular, when it has already begun to experience some erosion in its relative economic and military power. At that point, what he calls "*excessive* arms spending" or "a top-heavy military establishment" (made necessary by strategic overextension which, in turn, was made possible by an earlier, relatively rapid accumulation of national wealth) "will hurt economic growth" or "may slow down the rate of economic growth" (pp. 444 and 445; emphasis in original).

In the end, Kennedy's reflections on the relationship between defense spending and decline come down to a simple and seemingly incontestable observation: once a leading power has begun to slip economically, *for whatever reason*, it will find it increasingly difficult to sustain large (still less, rising) defense burdens. As Kennedy explains it, declining powers are like aging people: "If they spend too much on armaments—or, more usually, upon maintaining at growing cost the military obligations they had assumed in a previous period—they are likely to overstrain themselves, like an old man attempting to work beyond his natural strength" (p. 540).

It may not be possible at this point to make any more powerful, universal generalizations about the economic impact of defense spending. Nevertheless, it may be that the effects of such spending can be determined with precision in particular cases. For the United States, the questions are both empirical and theoretical: First, have the substantial peacetime military expenditures that the U.S. has undertaken since 1945 caused (or at least substantially contributed to) its relative economic decline? Second, if continued, will those expenditures inevitably cause further erosion in the U.S. position?[38]

Although their significance has been contested, the raw facts of the decline of the United States are by now widely accepted.[39] The country's

[38] While Kennedy's work raises both of these issues, it does not provide definitive answers to either one. Although he has sometimes been criticized for doing so, Kennedy does not in fact maintain that postwar military expenditures caused America's economic decline. Indeed, his book contains no direct assessment of what the cumulative impact of that spending has been. As to whether defense spending at existing levels will be sustainable in the future, Kennedy strongly implies that it may not be, but he cannot be said to rule out the possibility altogether.

[39] Some authors have suggested, however, that the U.S. decline is not as severe as the usual indicators would seem to suggest. See Susan Strange, "The Persistent Myth of Lost Hegemony," *International Organization* 41 (Autumn 1987), 551-74, and Bruce Russett, "The Mysterious Case of Vanishing Hegemony; or, Is Mark Twain Really Dead?" *International Organization* 39 (Spring 1985) 207-31.

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shares of such things as gross world product,[40] world trade,[41] and production of industrial manufactured goods[42] have diminished substantially since the end of World War II. This alone, of course, is not evidence that there is anything wrong with the American economy. In 1945, with the rest of the world in ruins, the United States enjoyed an unnaturally large advantage over all other countries. As the world recovered, the American margin was bound to shrink; indeed, it was that very recovery which was a principal aim of postwar U.S. policy.[43]

"The real question," Kennedy explains, is not " 'Did the United States have to decline relatively?' but 'Did it have to decline so fast?' " (p. 432). He might have added, Will it continue to decline so rapidly in the future? There were surely good reasons to expect that in the initial postwar era the American economy would grow more slowly than those of its recovering rivals, and that the U.S. would therefore lose part of its initial, overall advantage. What is disturbing from the American point of view is that, in some cases, the difference in economic performance persisted long after the war was over. Throughout the sixties, seventies, and into the eighties, the United States' GNP, GNP per capita, and manufacturing productivity all grew far more slowly than those of Japan. Compared to the European countries, American achievements were more mixed, with the U.S. regaining some advantages by the seventies and eighties.[44]

Analysts have made three different arguments in support of the contention that what they regard as America's *comparatively* unimpressive postwar economic performance was due to its *relatively* high level of defense expenditures. Each of these assertions centers on the alleged impact of defense spending on investment. The first (or, in economist Lester Thurow's term, the "quantitative" version of the argument) is simply that military expenditures "crowd out" private investment.[45] This asser-

[40] Down from 25.9% in 1960 to 21.5% in 1980 (Kennedy, p. 436).

[41] Down from 18.4% in 1950 to 13.4% in 1977. See Robert Keohane, *After Hegemony* (Princeton: Princeton University Press, 1984), 36.

[42] Down from around 50% in 1945 to 44.7% in 1953 to 31.5% in 1980 (Kennedy, p. 432).

[43] In this sense, as one observer has pointed out, "the relative decline in American global economic preeminence occurred not in spite of America but because of America." Zbigniew Brzezinski, "America's New Geostrategy," *Foreign Affairs* 66 (Spring 1988), 693. For a similar argument, see Joseph S. Nye, Jr., "America's Decline: A Myth," *The New York Times*, April 10, 1988, p. 31.

[44] By the seventies, U.S. and average European Community GNP growth rates were about the same, with the U.S. growing somewhat faster in the eighties. U.S. and E.E.C. per capita GNP growth rates converged in the seventies and remained roughly equal in the eighties. After lagging throughout the sixties and seventies, American manufacturing productivity seems finally to be increasing slightly faster than that of France and Germany. For figures, see the Central Intelligence Agency's *Handbook of Economic Statistics, 1987* (Washington, DC: G.P.O., 1987), 39, 40, and 43.

[45] Thurow, "Budget Deficits," in Daniel Bell and Lester Thurow, *The Deficits: How Big?*

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tion follows from an examination of the national income identity in which a state's GNP is defined as equal to the combined value of its private consumption, private investment, total government spending (including both defense and nondefense expenditures), and net exports.[46] For a given level of national income, if one of these categories goes up, then some or all of the others will have to come down. If consumption, nondefense government spending, and net exports are fixed, if defense spending increases, then investment must decline. But, because investment is the engine of future economic growth, as it diminishes, so too will the rate at which national income expands. Under certain conditions, therefore, high levels of defense spending may lead to slower growth.

Even in the abstract, this connection is not simple or direct. Increasing military expenditures will not lead automatically to diminished investment if, for example, private consumption falls or government spending on nondefense items is reduced by an equivalent amount. On the other hand, cutbacks in military spending will not necessarily promote more rapid economic growth. Reductions in one form of government spending might be made up by increases in the other variety, or, perhaps, by an upsurge in private consumption. In either case, there would be little or no increase in private investment and (assuming for the moment that government spending cannot act as a form of investment), little acceleration in the rate of overall economic expansion.

Since the end of World War II, the United States has spent relatively more on defense than its major allies. During the same period, the portion of U.S. national income devoted to investment has also been comparatively low. To conclude, however, that the first fact is completely responsible for the second would overlook another crucial piece of the equation. In postwar America, both military spending and private consumption have been relatively high.[47] Instead of asserting, as Thurow

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How Long? How Dangerous? (New York: New York University Press, 1985), 122-24. Kennedy (p. 533) advances a variant of this argument when he suggests that declining world powers tend to "allocate more and more of their resources into the military sector, which in turn squeezes out productive investment and, over time, leads to the downward spiral of slower growth. . . ."

[46] This relationship is usually presented as an equation: $Y = C + I + G + (X - M)$, where

Y = national income
C = consumption
I = investment
G = government expenditures
X = exports
M = imports

[47] According to one calculation for the period 1960-1979, 7.4% of U.S. gross domestic product went to military spending. The figures for Britain, West Germany, and Japan were 5.4%, 3.9%, and .9%, respectively. Fixed capital formation made up 17.6% of GDP in the United

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does, that the U.S. has "essentially taken defense out of investment ever since World War II,"[48] it would be more reasonable to say that, if investment has suffered, it has been at the expense of defense and private consumption combined.[49]

If levels of consumption had been lower in the past, the United States could have sustained higher levels of investment along with actual rates of defense expenditure. In the future, increases in private investment could be achieved through cuts in the shares of national income devoted to defense or nondefense government programs, or by reductions in the level of private consumption.[50] Such shifts could be encouraged by cutbacks in government spending, by changes in the tax laws intended to discourage consumption and promote savings and investment, or by some combination of the two.[51] In any case, claims to the contrary notwithstanding, there is no ironclad trade-off between defense and investment. As economist Charles Schultze has pointed out: "There is no reason in principle why we cannot design the taxes needed to support defense spending so as to depress consumption rather than investment. If we do otherwise, the resulting fall in investment is our own choice and not something inherent in defense spending."[52]

Even if a "quantitative" investment problem can be avoided, there may

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States, as compared to 18.4% in Britain, 24.1% in West Germany, and 32.7% in Japan. Private consumption made up 63% of GDP in the United States, versus 62.8% in Britain, 55.6% in West Germany, and 55.4% in Japan. See Kenneth A. Oye, "International Systems Structure and American Foreign Policy," in Kenneth A. Oye, Robert J. Lieber, and Donald Rothchild, eds., *Eagle Defiant* (Boston: Little, Brown, 1983), 10.

[48] Thurow (fn. 45), 123.

[49] In fact, several comparisons of the composition of U.S. GNP before and after World War II suggest that the level of gross private domestic investment did not change very much (standing, according to one calculation, at around 14 or 15% of GNP in both 1929 and 1969 or, according to another, at 15% in 1930, 1940, 1953, and 1957). The increase in peacetime military expenditures after 1945 seems to have been made up for by a drop in the share of GNP devoted to personal consumption. For the first calculation, see Kenneth E. Boulding, "The Impact of the Defense Industry on the Structure of the American Economy," in Bernard Udis, ed., *The Economic Consequences of Reduced Military Spending* (Lexington: D. C. Heath, 1973), 225-52. For the second, see Charles J. Hitch and Roland M. McKean, *The Economics of Defense in the Nuclear Age* (Cambridge: Harvard University Press, 1963), 39.

[50] The case for cuts in consumption is made in Peter Peterson (fn. 7). For an opposing view that favors reducing defense and increasing "public investment," see Jeff Faux, "America's Economic Future," *World Policy Journal* 5 (Summer 1988), 367-414. See also Robert Eisner, "To Raise the Savings Rate, Try Spending," *New York Times*, August 29, 1988, p. A19.

[51] For an analysis of the various ways in which private and overall national savings might be increased, see Lawrence Summers and Chris Carroll, "Why Is U.S. National Savings so Low?" *Brookings Papers on Economic Activity* 2 (Washington, DC: The Brookings Institution, 1987).

[52] Schultze, "Economic Effects of the Defense Budget," *The Brookings Bulletin* 18 (Fall 1981), 2. In the end, Thurow acknowledges this point by saying: "It is technically feasible for America to spend more on defense than Japan and still have a world-class economy if we are willing to pay for it by raising taxes to cut civilian consumption." Thurow (fn. 45), 124.

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still be a second, "qualitative" one. Despite descriptions of defense spending as just another form of consumption,[53] the military actually invests billions of dollars each year in research and development.[54] This work, like its counterpart in civilian industry, requires the efforts of highly skilled scientists and engineers. If there were only a fixed number of such people in the United States, and if, for some reason, they preferred involvement in military over civil programs, it is possible that commercial research could suffer and, along with it, the entire economy. According to Lester Thurow, this is precisely what happened throughout much of the postwar period. "The best and the brightest among America's engineering and science prospects tend to enter military R & D," he maintains, because "it is simply more fun." In this way, "the large U.S. military establishment handicaps future civilian economic success."[55]

Despite such assertions, there is little evidence of a past military "brain drain."[56] Far from being fixed, the number of scientists and engineers has actually grown considerably since the 1960s.[57] The fraction of the total involved either directly or indirectly in defense work is a matter of definition and a subject of debate.[58] A recent survey suggests, however, that the percentage has actually declined significantly during the seventies and

[53] "Defense spending is a form of consumption" (*ibid.*, 122).

[54] In 1987, the federal government spent over $40 billion or almost 14% of the military budget on defense R & D. *National Patterns of Science and Technology Resources: 1987* NSF 88-305 (Washington: National Science Foundation, 1988), 15.

[55] Lester Thurow, "America among Equals," in Sanford Ungar, ed., *Estrangement* (New York: Oxford University Press, 1985), 175. Again, Kennedy (p. 532) makes a similar argument: "If the Pentagon's spending drains off the majority of the country's scientists and engineers from the design and production of goods for the world market while similar personnel in other countries are primarily engaged in bringing out better products for the civilian consumer, then it seems inevitable that the American share of world manufacturing will steadily decline, and also likely that its economic growth rates will be slower than in those countries dedicated to the marketplace. . . ."

[56] It is possible, however, that the effects of such a drain might be subtle, lagged, and hard to measure. Some experts have suggested that the competition for scarce research talent may, in the past, have bid up the cost of R & D and reduced the feasibility of some civilian projects. See Harvey Brooks, "The Strategic Defense Initiative as Science Policy," *International Security* 11 (Fall 1986), 184. This possibility deserves further study.

[57] After decreasing in the seventies, the number of students receiving degrees of all sorts in science and engineering has increased steadily since the early eighties. The growth in doctoral degrees has, however, been due largely to an influx of foreign graduate students to American universities. The long-term implications of this trend for the U.S. economy are unclear, and depend in part on how many foreign students eventually settle and work in the United States. *National Patterns* (fn. 54), 28-30.

[58] A 1978 National Science Foundation survey found that 16.2% of scientists and engineers worked primarily on defense projects, with another 3.8% concentrating most heavily on work connected with the space program. DeGrasse (fn. 15), 102. Other analysts put the figure close to 50%. For a range of estimates, see Adams and Gold (fn. 37), 50-51. For a 1981 breakdown by specialty of skilled personnel involved in defense work, see John P. Holdren and F. Bailey Green, "Military Spending, The SDI and Government Support of Research and Development: Effects on the Economy and the Health of American Science," *Journal of the Federation of American Scientists* 39 (September 1986), 7.

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eighties. The same study also found no indication of a shortage in scientists and engineers, even at the peak of the Reagan buildup, and no evidence that the "best and the brightest" were being drawn from civilian to defense work, whether by higher salaries or the promise of greater intellectual stimulation.[59] In fact, judging by some recent reports, it is government rather than industry that is now most concerned about attracting first-rate technical personnel, thanks largely to limits on salaries imposed by the pay system of the civil service.[60]

If a shortage of talented labor for nondefense projects did exist, a reduction in the military budget would not be the only way of dealing with the problem. Instead of cutting defense R & D (thereby freeing researchers to take on work in the civilian sector that is presumably going undone), the federal government might try to expand the total skilled manpower pool by providing more support for education and technical training.[61] Increasing the supply of scientists and engineers could make it possible for more defense *and* nondefense research to be done in the United States.

The third variant of the argument linking defense, investment, and growth focuses on "spinoffs" and "tradeoffs." Since the end of World War II, the United States government has spent a great deal of money on research and development. In 1987, federal R & D expenditures were around $60 billion, roughly half the combined national total of government and private sector spending on research.[62] Of this sum, 69 percent went to defense-related projects—18 percent more than in 1977.[63] Some observers believe that these expenditures, whatever their impact on

[59] Drawing on N.S.F. survey data, a National Research Council report finds that, between 1972 and 1984, the fraction of scientists and engineers with bachelor's degrees working on projects sponsored by the Defense Department fell from 18.6% to 15.5%. The figures for researchers with master's and doctoral degrees fell from 23.8% to 19.9% and from 10.5% to 8.5%, respectively. National Research Council, *The Impact of Defense Spending on Nondefense Engineering Labor Markets: A Report to the National Academy of Engineering* (Washington, DC: National Academy Press, 1986), 74-76, 9-10, and 91.

[60] For example, a 1987 report by the Defense Science Board found that, at one government laboratory, mean salaries were $14,000 less than at a facility operated by private contractors. The best researchers at the government lab could be paid no more than $72,000 a year; their private-sector counterparts sometimes made over twice as much. Defense Science Board, *Technology Base Management* (Washington, DC: G.P.O., December 1987), 16-17.

[61] For recommendations along these lines aimed at satisfying "both national security and commercial needs," see U.S. Congress, Office of Technology Assessment, *The Defense Technology Base: Introduction and Overview—A Special Report*, OTA-ISC-374 (Washington, DC: G.P.O., March 1988), 18.

[62] Total R & D expenditures in the U.S. now equal 2.7% of GNP, around the same as in West Germany and Japan. When defense-related R & D is excluded, however, the U.S. total falls to 1.8% of GNP. By contrast, less than 10% of research in Japan and Germany is defense-related. Although the dollar amounts spent are smaller, these two countries have for over fifteen years been devoting more of their GNP to civilian research than the United States. *National Patterns* (fn. 54), 19-20.

[63] *Economic Report of the President* (fn. 11), 179-80.

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American military strength, produce little of value for the economy as a whole.[64] If money were transferred from defense to civilian R & D, enhanced productivity, greater competitiveness, and faster economic growth would result.

The question of how much spins off, spills over, or trickles down from military R & D to civilian industry is a contentious one.[65] Even many skeptics acknowledge, however, that defense-related research has often produced indirect and sometimes unintended commercial benefits.[66] If the federal government were to eliminate spending for defense research, and if the funds freed up as a result did not find their way into other forms of R & D, the net impact on the U.S. economy would probably be negative. On the other hand, there is little reason to think that spending on military R & D is the most efficient way of promoting progress in nondefense sectors. In the words of one noted authority on science policy, "if economic spin-off is what is desired, it is better to stimulate it directly than to try to derive it indirectly from military spending."[67]

Even if government-funded defense research produced no spin-offs at all, it would not necessarily be doing any harm to the economy as a whole. The real concern about military R & D is, therefore, that it has opportunity costs—that it must somehow be displacing either nongovernment research on civilian projects or government-funded nondefense research, or both. As has already been discussed, defense R & D could conceivably cut into the civilian sector by drawing away skilled manpower and driving up research costs. Although there appears to be little direct evidence, it is possible that this may have happened in the past and that, if the govern-

[64] One author asserts, for example, that

> the much vaunted "spinoff" or "spillover" argument that military-oriented technological development produces massive improvements in areas of civilian application and thus does not retard civilian technological progress, makes very little conceptual sense, and more to the point, is massively contradicted by straightforward empirical observation.

See Lloyd J. Dumas, "Military Spending and Economic Decay," in Dumas, ed., *The Political Economy of Arms Reduction* (Boulder, CO: Westview Press, 1982), 13. For the opposite viewpoint, see Hitch and McKean (fn. 49), 82-83.

[65] Kennedy (p. 532) points out that there are "technical spinoffs from weapons research," but he does not consider them sufficient to offset the other, negative consequences of defense spending.

[66] One proponent of considerable cuts in defense spending argues:

> Clearly, military research has yielded a large number of commercially viable products—including many of the breakthroughs in electronics, recombinant DNA, jet engines, fiberglass and other composite materials, and a major portion of communications technologies. Indeed, many of the inventions that have most altered the postwar world economy have evolved from military-related research.

Ann Markusen, "The Militarized Economy," *World Policy Journal* 3 (Summer 1986), 503. For a useful survey of the military's role in the development of American technology, see Merritt Roe Smith, ed., *Military Enterprise and Technological Change* (Cambridge: MIT Press, 1987).

[67] Brooks (fn. 56), 183.

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ment had supported less military research, more work would have been done by industry on purely civilian projects.

It is also at least conceivable that if the federal government had spent less over the years on defense R & D, it could have devoted more of its own funds to work with direct commercial applications. In view of the pressures of the strategic competition with the Soviet Union and the traditional American aversion to central planning and economic intervention by the government, such a shift in priorities was not likely. Similar, although possibly less stringent, constraints will no doubt continue to apply for some time to come.[68] A one-for-one transfer of defense R & D dollars to carefully chosen government-sponsored projects aimed at commercial innovation might well have a beneficial impact on American economic performance; but any sharp move in this direction would certainly arouse concerns and political opposition on both national security and economic grounds.

Without necessarily cutting defense R & D or adopting a full-fledged national industrial policy aimed at picking commercial winners and losers, the federal government could spend more on supporting basic science and on promoting certain research projects intended to have widespread and immediate civilian application. In addition to whatever it did directly in these areas, the government might also take steps designed to encourage private industry to invest more heavily in its own R & D programs.[69] Finally, assuming that some military research will continue into the foreseeable future, that work might be conducted in ways aimed at maximizing civilian spin-offs.[70] The question must remain open whether such spin-offs have, on balance, outweighed the opportunity costs of government-sponsored defense research in the past. Regardless of the answer,

[68] For these reasons, Harvey Brooks concluded in 1986 that "any viable U.S. industrial policy is likely to derive from military policy for many years to come if only because of the traditional reluctance of Americans to accept government intervention in the market economy" (*ibid.*). There is now some evidence of movement in precisely this direction. See "Bigger Role Urged for Defense Department in Economic Policy," *New York Times*, October 19, 1988, p. A1.

[69] Measures of this sort could include changes in the tax laws and selective relaxations in antitrust restrictions prohibiting collaboration by major producers in the same industrial sector. See Report to the Secretary of Defense by the Under Secretary of Defense (Acquisition), *Bolstering Defense Industrial Competitiveness* (Washington, DC: Department of Defense, July 1988), 16-18.

[70] Jacques S. Gansler has suggested, for example, that the Defense Department could invest more heavily in developing certain kinds of manufacturing technology instead of focusing its R & D efforts so heavily on particular full-scale weapons systems. According to Gansler, "these manufacturing technologies could contribute significantly to the nation's ability to produce high-quality, low-cost military equipment, in addition to contributing to the long-term competitiveness of the nation's industrial base." Gansler, "Needed: A U.S. Defense Industrial Strategy," *International Security* 12 (Fall 1987), 55-56.

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there are no grounds for asserting that such research must inevitably be a net drain on the economy.

To sum up: although Kennedy does not offer any direct judgment as to their significance, it is possible that large peacetime defense expenditures, combined with a range of other factors (including relatively high levels of consumption and, perhaps, an inadequate supply of skilled scientific manpower and insufficient spending on civilian R & D) may have helped to retard and distort postwar American economic growth. It also seems probable that factors having little or nothing to do with defense have had an equal and possibly far greater role in shaping the events of the past four decades.[71] Military expenditures alone did not cause that portion of America's relative decline which may have been, in some sense, avoidable. Defense cuts, by themselves, can also not be expected to produce dramatic improvements in the future economic performance of the United States.

Even if, in the past, the United States hindered itself by spending between 5 and 10 percent of its GNP on defense, attempts to continue a similar level of effort may not inescapably lead to equivalent harm. If the federal government were to adopt policies aimed at promoting savings, productive investment, education, and scientific research, there is no apparent reason why moderate defense budgets could not be combined with rising productivity, steadier growth, and enhanced international competitiveness.

Conclusions

The foregoing analysis suggests three sets of conclusions; they are discussed briefly in ascending order of generality. First, the United States can continue to support something resembling its present military posture without running enormous deficits or accelerating its relative economic decline. Doing so will have costs, however. These might include, for example, higher taxes, lower levels of private consumption, and fewer entitlements for some members of the middle class. Whether or not these

[71] The list of suspects includes, but is by no means limited to, the following: systematically misguided management practices, poor labor-management relations, insufficient incentives for productive domestic investment, fluctuating government macroeconomic policies, a poorly designed tax code, a chronically overvalued dollar, and expanding government regulations. For entry into the vast literature on these subjects, see Bruce R. Scott, "U.S. Competitiveness: Concepts, Performance, and Implications," in Bruce R. Scott and George C. Lodge, eds., *U.S. Competitiveness in the World Economy* (Boston: Harvard Business School Press, 1985), 13-70; Otto Eckstein et al., *The DRI Report on U.S. Manufacturing Industries* (New York: McGraw Hill, 1984); and Seymour Zucker et al., *The Reindustrialization of America* (New York: McGraw Hill, 1982).

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costs are worth paying and who, precisely, should pay them are political decisions: they are conditioned but not determined by economic factors. How they are made will strongly influence both the coming shape of U.S. society and the future extent of the country's involvement in world politics.

Second, concerning the economic impact of defense spending, much remains to be understood. Future work might usefully focus, not only on the search for universal generalizations, but on what David Greenwood has called the "disaggregated" approach—the

> elucidation of how, in the actual circumstances of the individual case, a particular hypothetical change in the scale and/or pattern of military outlays may plausibly be expected—on given, explicitly stated assumptions—to impinge on the rate of growth of aggregate income and output or on some specific aspect of economic performance.[72]

As applied to the United States, for example, such an approach might involve an investigation of the impact of fluctuating defense expenditures on the evolution, over four decades, of key industrial sectors such as machine tools, steel, electronic equipment, and semiconductors.

Finally, more thought must be given to developing a political economy of national strategy. How and how well do states manage, over long periods of time, to direct the flow of national resources so as to achieve both internal wealth and external power? Such problems continue to be on the minds, not only of American statesmen, but of their counterparts in the Soviet Union, China, and Japan. They ought to be central to the concerns of students of international politics.

[72] Greenwood (fn. 37), 103.

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BEYOND THE STATE:
Civil Society and Associational Life in Africa

By MICHAEL BRATTON*

Goran Hyden, *No Shortcuts to Progress: African Development Management in Perspective*. London: Heinemann, 1983, 223 pp.
Patrick Chabal, ed., *Political Domination in Africa: Reflections on the Limits of Power*. New York: Cambridge University Press, 1986, 211 pp.
Peter Anyang' Nyong'o, ed., *Popular Struggles for Democracy in Africa*. London: Zed Press, 1987, 288 pp.
Larry Diamond, Juan J. Linz, and Seymour Martin Lipset, eds., *Democracy in Developing Countries: Africa*, Vol. II. Boulder, CO: Lynne Rienner Publishers, 1988, 314 pp.
Donald Rothchild and Naomi Chazan, eds., *The Precarious Balance: State and Society in Africa*. Boulder, CO: Westview Press, 1988, 357 pp.

Introduction: The Retreat of the African State

Over the past decade, analysts of comparative politics have resurrected the concept of the state and endowed it with a theoretical prominence that it has not enjoyed since political science consisted of the formal study of legal institutions. The state, as the principal corporate actor in the drama of economic development, has appropriately captured the imagination of students of Third World politics. In all the poor countries, the state has grown into the largest domestic repository of resources for economic growth and social welfare, and this fundamental fact has altered the nature of the relationship between state and society in the process of modernization. Precisely because the state has the potential to be the dominant agent of social transformation, comparativists have been correct to ask: Who controls state power? Is their incumbency secure? Is the performance of state institutions effective?

Yet these very questions lead one to wonder whether the state is paramount to the same degree in all social settings.[1] The current scholarly preoccupation with the state may not be universally valid and may ob-

* The author wishes to acknowledge helpful comments from Joel Barkan, James Bingen, Donald Crone, and Robert Jackman, but remains responsible for what is written here.

[1] I am not the first to explore this avenue of inquiry. Joel Migdal has questioned the assumption that state elites can always impose their political will in *Strong Societies and Weak States: State-Society Relations and State Capabilities in the Third World* (Princeton, NJ: Princeton University Press, 1988). Samuel Huntington's classic, *Political Order in Changing Societies* (New Haven: Yale University Press, 1968), remains relevant twenty years after its publication because it explores the degree to which governments actually govern.

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scure more than it reveals in situations where states are imperfectly formed and consolidated. A theoretical approach designed to analyze postindustrial welfare structures in Western Europe and institutionalized corporatism in Latin America may cast little light on the dynamics of personalistic politics within states-in-formation in sub-Saharan Africa. Should theorists be "bringing the state back in" to theory precisely when African political leaders, to the applause of international donors and bankers, are "taking the state back out" of the economic policy arena?[2] And, most importantly, does the theory at our disposal enable us to account for state-society relations in places where the state is far from strong and dominant but is, rather, weak and reflexive?[3] In the former situation the state is capable of engaging in social engineering; in the latter it is buffeted, or at worst dismembered, by social forces beyond its control.

The disposition of a particular state would seem to be determined first and foremost by the distinctive historical experience and cultural endowments of the society in which it is embedded.[4] As I understand the admonitions of statist theorists, we should not analyze state structures and elite actions in abstract isolation but in relation to "socioeconomic and sociocultural contexts."[5] Comparative analysis is best served if we aim to understand state-society *relations* rather than the state in and of itself. In this regard I favor a definition offered in one of the volumes reviewed here. The state is:

> an organization *within* the society where it coexists and interacts with other formal and informal organizations from families to economic enterprises or religious organizations. It is, however, distinguished from the myriad of

[2] Peter B. Evans, Dietrich Rueschemeyer, and Theda Skocpol, eds., *Bringing the State Back In* (New York: Cambridge University Press, 1985).

[3] Whether a state is "strong" or "weak" depends upon the existence of legitimate political institutions which are capable of winning compliance for official policies without resort to violence against domestic populations; see Robert Jackman, *Power Without Force: The Political Capacity of Nation-States* (forthcoming). For a discussion of dominant and reflexive patterns of state formation see Michael Bratton, "Patterns of Development and Underdevelopment: Towards a Comparison," *International Studies Quarterly* 26 (September 1982), 333-72.

[4] This point of view is shared by theorists of diverse persuasions. Fernando Cardoso and Enzo Faletto have stressed that dependency experiences vary according to the timing of insertion into the world economy and the trajectory of local class conflicts; *Dependency and Development in Latin America* (Berkeley: University of California Press, 1979), chap. 1. Huntington has recently called for a reconsideration of the role of culture in explaining the different development paths taken for example in the Islamic, Sinic, Latin, and African regions; see "The Goals of Development," in Myron Weiner and Samuel P. Huntington, eds., *Understanding Political Development* (Boston: Little, Brown, 1987), 21-28.

[5] Theda Skocpol, "Bringing the State Back In: Strategies of Analysis in Current Research," in Evans et al. (fn. 2), 20: see also Alfred Stepan, *State and Society: Peru in Comparative Perspective* (Princeton, NJ: Princeton University Press, 1978); Atul Kohli, ed., *The State and Development in the Third World* (Princeton, NJ: Princeton University Press, 1986).

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other organizations in seeking predominance over them and in aiming to institute binding rules regarding the other organizations' activities.[6]

Such a conceptualization attaches exactly the right degree of conditionality to state dominance and draws attention to political transactions between the state and autonomous organizations of citizens; between the state and civil society.[7]

The harsh reality of state formation in postcolonial Africa is that, in many countries, the apparatus of governance has begun to crumble before it has been fully consolidated. There is a crisis of political authority that is just as severe as the well-known crisis of economic production. These two crises are intimately interrelated, each being both a cause and an effect of the other. We are currently witnessing in Africa a self-perpetuating cycle of change, in which weak states engender anemic economies whose poor performance in turn further undermines the capacity of the state apparatus.

Of the political causes of economic decline in Africa, the most fundamental pertains to governability. African states have not always been able to secure a monopoly of force against ethnoregional opposition movements and, on twenty occasions in the last thirty years, have seen the national territory embroiled in internal war. For the political elite, such environmental conditions breed authoritarian behavior born of profound political insecurity; for ordinary citizens—most of whom in Africa are peasant farmers—economic production and settled residence are too often disrupted by violence. Apart from the effect of drought, the hungriest parts of Africa—Ethiopia, Sudan, Angola, and Mozambique—are those stricken by armed conflict. Moreover, state elites have been more adept at consumption than accumulation. African governments have found increasing difficulty in extracting public revenue from society as terms of trade in the world economy have moved against primary products and as peasants have diverted farm sales away from heavily taxed state channels. Yet at the same time, government budgets have ballooned, more than doubling as a proportion of gross domestic product since independence. As the main employer, African governments devote a higher percentage of total expenditures to public-sector wages and salaries than in any other world region. Needless to say, the recurrent ex-

[6] Victor Azarya, "Reordering State-Society Relations: Incorporation and Disengagement," in Rothchild and Chazan, 3-21, at 10; emphasis in original. I would add that the state is a *set* of organizations—legal, coercive, administrative—whose functionaries do not always act cohesively.

[7] A definition of civil society is offered below (fn. 26).

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pense of sustaining swollen bureaucracies has preempted investments in new productive capacity.

On the other side of the coin are the political consequences of economic decline. African governments increasingly confront gaping fiscal deficits which seriously compromise the operation of public programs at planned levels. Across the continent, government services are breaking down or being cut back as authorities are unable to maintain or replace equipment, sustain a flow of consumable supplies, or even pay their personnel. Political penetration is thereby foreshortened from already shallow levels, as is the capacity of the state to meet popular expectations for the distribution of basic services and income-earning opportunities. Since the leaders of the postcolonial state claimed their right to rule on the basis of promises of improved material welfare, a loss of distributive capacity is predictably met with a reduction in popular legitimacy. In many African countries, ordinary people are ceasing to regard the state as their own and are refusing to comply with official injunctions. This loss of legitimacy is manifest in numerous ways, from an irresponsible underground culture of jest at official corruption, to outright disregard of the rule of law in crime and banditry. Thus the cycle completes itself, with poor economic performance undermining popular support and reducing further the already fragile capacity of the state to perform its fundamental task of maintaining order.

This discussion leaves us with a paradox. The African state is weak by any conventional measure of institutional capacity; yet it remains the most prominent landmark on the African institutional landscape. Commentators on African politics have sought to capture this contradiction with portrayals of the state as "a lame Leviathan,"[8] as "omnipresent but . . . hardly omnipotent,"[9] and as "excessively authoritarian to disguise the fact that it is inadequately authoritative."[10] Jackson and Rosberg explain the survival of the African state with reference to its "juridical" identity in international law and the willingness of other states to recognize it and prop it up.[11] But, as these authors themselves acknowledge, a complete account of state strength also requires reference to empirical political sociology: Can the state actually govern its own society? In Africa the state

[8] Thomas Callaghy, "The State as Lame Leviathan: The Patrimonial Administrative State in Africa," in Zaki Ergas, ed., *The African State in Transition* (Basingstoke, England: Macmillan, 1987), 87-116.

[9] Naomi Chazan, "State and Society in Africa: Images and Challenges," in Rothchild and Chazan, 325-41, at 327.

[10] Ali A. Mazrui, "Political Engineering in Africa," *International Social Science Journal* 25, No. 2 (1983), 293.

[11] Robert H. Jackson and Carl G. Rosberg, "Why Africa's Weak States Persist: The Empirical and the Juridical in Statehood," *World Politics* 35 (October 1982), 1-24.

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projects upwards from its surroundings like a veritable Kilimanjaro, in large part because the open plains of domestic society appear to be thinly populated with alternative institutions. At first glance, African societies seem to possess few intermediate organizations to occupy the political space between the family (broadly defined by affective ties of blood, marriage, residence, clan, and ethnicity) and the state. Those civic structures that do exist are usually small in scale and local in orientation. In this lilliputian environment, even a weak state can seem to be strong.

In this article I argue that political scientists should devote more research attention to the associational life that occurs in the political space beyond the state's purview. Far from being stunted in sub-Saharan Africa, it is often vibrant. While many precolonial cultures in Africa may have lacked states, they certainly did not lack civil societies, in the broad sense of a bevy of institutions for protecting collective interests. Large areas of Africa have never experienced effective penetration by the transformative state, and rural folk there continue to grant allegiance to traditional institutions such as clan, age-set, or brotherhood. Upon these foundations, Africans invented fresh forms of voluntary association during the colonial period as a response to the disruptive impacts of urbanization and commercialization. Sometimes these new organizations were updated expressions of long-standing informal solidarities (for example, ethnic welfare associations, prophetic movements, agricultural work parties); in other cases, they gave collective shape to new occupational and class identities (peasant movements, labor unions, professional associations). Many of these voluntary associations became explicitly political by giving voice, first to protest at the indignities of colonial rule, and later, to the call for independence. Indeed, they were the building blocks of federated nationalist political parties.[12]

One might, therefore, have expected a perpetuation of a trend toward institutional pluralism in the rush to modernization in the early postcolonial period. But the new African political elite gave top priority to state sovereignty and national security and chose to invest scarce power resources in the construction of one-party or military regimes.[13] And yet, even centralized regimes were not universally successful at discouraging

[12] Political scientists who studied African nationalism wrote copiously about voluntary associations, especially syncretic churches, welfare societies, and trade unions. See, for instance, Thomas Hodgkin, *Nationalism in Colonial Africa* (London: Frederick Muller, 1956) and Immanuel Wallerstein, "Voluntary Associations," in James Coleman and Carl G. Rosberg, eds., *Political Parties and National Integration in Tropical Africa* (Berkeley: University of California Press, 1964), chap. 8.

[13] Political scientists concomitantly turned their attention away from interest groups and political parties in favor of the executive instruments of the state.

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autonomous organizations from taking root within civil society. In a few cases, officials were able to nip nascent popular organizations in the bud, restructure them within a corporatist framework, and sustain—at least for a while—a controlled mass mobilization (for example, in Tanzania after 1961 and Ethiopia after 1974). More often, the state could not fill all the available political space with organizations of its own making and could only defensively preempt the entry of private citizens into the civic realm (Zaire from 1965 and Somalia from 1969, among many others). In some places, voluntary associations proved too strong to be subordinated and survived as an alternative institutional framework to officialdom. Associational life took different forms in different countries, but everywhere it provided ordinary Africans with an outlet for the political urge to combine in pursuit of shared goals: the Christian churches in Kenya and Burundi; Islamic brotherhoods in Senegal and Sudan; lawyers' and journalists' associations in Ghana and Nigeria; farmers' organizations in Zimbabwe and Kenya; and the mineworkers' unions in Zambia and South Africa.

State-society relations now stand at a crossroads in Africa. The postcolonial trend to expand political control has peaked, with economic crisis forcing the state to retreat from overambitious commitments. The experience of other, non-African countries suggests that loosening regulations on economic production inevitably gives rise to pressures for political liberalization. To date, the enthusiasm of African political elites for economic reform does not seem to encompass a new commitment to civil liberties and democracy. But precisely because state control of society in Africa has been tentative at best, the retreat of the state will create, willy-nilly, an enlarged political space within which associational life can occur. Under these conditions, groups within civil society will enjoy greater opportunities to attract a following, develop a bureaucratic form, and formulate policy alternatives. In Africa in the immediate future the tension between statism and pluralism is likely to intensify. As I will argue below, voluntary associations are already becoming more organized and more assertive. They may follow the common practice of disengaging from the state, but they may also choose to engage it actively in pursuit of the interests of their members. In some places engagement will lead to heightened confrontation, in others to imaginative accommodation. In short, we can expect the emergence of novel patterns of state-society relations.

All the volumes reviewed below help us to conceptualize and describe this set of issues. Associational life within civil society is not the only subject with which these books deal, but I will tease this thread out of the fabric of the writers' arguments. And since four of the five books are ed-

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ited volumes, I will devote most attention to the editors' theoretical frameworks, even if this means neglecting the fascinating detail of the country case studies presented by chapter authors. And, finally, I will suggest that we still need further research on the conditions which facilitate associational life in Africa and the strengths, weaknesses, and potentialities of civic organizations in promoting economic, social, and—particularly—political development.

Beyond the State: A Literature Review

The work of Goran Hyden provides ground-breaking insights to frame a discussion of state-society relations in sub-Saharan Africa.[14] In *No Shortcuts to Progress* he demonstrates that the modern state in Africa has been attached, incongruously, to the foundations of an agrarian economy. Because peasant producers employ rudimentary technologies and accumulate meager economic surpluses, African societies do not automatically give birth to capitalist social classes or elaborate state structures of their own. Instead, the modern state has alien roots, having been introduced from abroad as the coercive and legal instrument of European colonial rule. This species of state faces a peasant society in which households retain an independent productive base through access to land; consequently, any extractive relations between state and society are destined to remain tributary (imposed by political force) rather than productive (integral to economic survival and development). While Hyden surely underestimates the extent to which African cultivators have become wedded to the market, his portrayal of the state is persuasive: "African countries are societies without a state . . . the latter sits suspended in 'mid-air' over society" (p. 7). Rulers—whether precolonial, colonial, or postcolonial—discover that the state is an unpromising instrument in efforts to transform peasant life, especially to induce capitalist economic development.

The fact that the contemporary state is not a product of indigenous society should not be taken to mean that African political life is "an almost institutionless arena."[15] Forms of associational life have evolved in rural Africa that address the direct needs of peasant producers for survival, accumulation, and reproduction under harsh and unpredictable conditions. Catchily described by Hyden as "the economy of affection," traditional

[14] For an earlier statement of Hyden's thesis see *Beyond Ujamaa in Tanzania: Underdevelopment and an Uncaptured Peasantry* (Berkeley: University of California Press, 1980).

[15] Aristide Zolberg, "The Structure of Political Conflict in the New States of Tropical Africa," *American Political Science Review* 62, No. 1 (1968), 70.

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social relations are rooted in the moral expectation that members of extended families will support one another in times of need. The "invisible organizations" in this network of mutual obligation may be difficult to discern to the untrained eye because they are "ad hoc and informal rather than regular and formalized" (p. 9).

Moreover, society has been more effective at penetrating the state than vice versa. As Hyden suggests, public morality in Africa is derived from the particularistic values of the economy of affection rather than from the universalistic values embodied in constitutional law and rational bureaucracy.[16] Political actors tend to regard access to the state as an opportunity for personal and community advancement: "A person who can demonstrate generosity at public expense is not only forgiven by his people but also seen as having acted correctly" (p. 38). The resultant corruption of public allocations seriously weakens the state as the guardian, sponsor, and agent of a national project of development.

Rather than attempt a comprehensive review of Hyden's rich contribution, I will select just two points for discussion here. First, the thesis of the uncaptured peasantry, for which Hyden is best known, puts undue emphasis on the "exit" from the state arena. Hirschman has argued that clients of deteriorating organizations may also try to improve organizational performance through "voice" or "boycott."[17] As I see it, citizens in Africa have an ambivalent attitude toward the state; they are simultaneously attracted to it and wary of it. True, they resent the intrusion of the state into family life, especially when there are costs in time, money, or property. The history of rural political protest in Africa can be written in terms of the resistance of autonomous agricultural producers to the regulations and requirements of an extractive state. On the other hand, ordinary people remain drawn to the state because, even in diminished cir-

[16] On the difference between "primordial" and "civic" public morality, see the thoughtful analysis by Peter P. Ekeh, "Colonialism and the Two Publics in Africa: A Theoretical Statement," *Comparative Studies in Society and History* 17 (Fall 1975), 91-112.

[17] Albert O. Hirschman, *Exit, Voice and Loyalty: Responses to Decline in Firms, Organizations and States* (Cambridge: Harvard University Press, 1970). Hirschman argues that, as a political or economic system becomes monopolistic, so the prospect for exit declines and relevance of voice increases (p. 34). For Africans wishing to avoid a monopolistic state, the exit option is often costly and unpalatable: emigration, secession, retreat into subsistence, or illegal behavior. Because people are generally unwilling to make such heavy commitments, one would expect voice to play a larger role; certainly, the various manifestations of voice—from spontaneous protest to organized lobbying—require more attention in the literature on African politics. By the same token, however, voice is also costly, either in terms of transactions required to build collective organization or the personal risk involved in confronting entrenched power. As such, "the alternative is now not so much between voice and exit as between voice from within and voice from without" (p. 104). In the African context, we need to examine the relevance of the concept of boycott, "the weapon of customers who do not have an alternative source of supply [of] goods and services . . . but who can do temporarily without them" (p. 86). Boycott, a hybrid of exit and voice, is a conditional form of exit which promises reengagement with the state once its performance is improved.

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cumstances, it remains a major source of spoils and one of the only available channels for getting what little there is to get. Thirty years of unpromising independence have not eradicated the deferential attitude of dependency among many local communities which expect the government to be responsible for their welfare. Citizens therefore continue to engage in state politics by seeking to influence the distribution of development resources in their own favor. This dialectic of attraction and repulsion provides a basis for arguing, as I do below, that state-society relations cannot be fully depicted by the image of peasants turning their backs on the state; rather, state-society relations ebb and flow as state and social actors each exercise a range of engagement, as well as disengagement, options.

Second, *Shortcuts* presents a seminal case for civil society as a hidden resource in Africa's struggle for economic development. Hyden shows how voluntary organizations with indigenous roots—for example, rural savings societies and nongovernmental welfare associations—are able to undertake fundamental development tasks like accumulation and distribution (pp. 119-28). In a seldom-quoted passage, he argues that state-society linkage must expand beyond the norm of "top-down" regulation by the state in order to allow nongovernmental organizations to exert policy pressure on behalf of urban and rural constituencies (pp. 128-32). Much as I agree with these recommendations, I see a knotty contradiction within them. There are distinctive problems associated with a strategy of organizational development "from below" in Africa. If the moral economy of peasant social relations is able to nibble away at, and ultimately subvert, the bureaucratic rationality of the state, what is to prevent it from devouring the less securely modernized institutions of civil society? While familial affection can be a consolidating glue for small organizations, it can create internal cleavage and factional conflict in larger structures. It can compromise the very organizational growth that is necessary to develop a capacity for an independent voice in public policy. The challenge, as Hyden himself acknowledges, lies in the discovery of original forms of organization—perhaps decentralized and shifting federations of popular associations—that can marry the advantages of both solidarity and scale.

In *Political Domination in Africa*, Patrick Chabal gathers a collection of papers prompted by Richard Sklar's optimistic and provocative essay on "Democracy in Africa."[18] Chabal seeks to restore hallowed concepts from political theory—accountability, representation, and good government—

[18] Chabal reprints Sklar's essay as the first chapter in his book from *African Studies Review* 26 (September-December 1983), 11-24. This essay was originally presented as a Presidential Address to the African Studies Association in November 1982.

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to the discourse on contemporary African politics, while at the same time attending to the distinctive continuities of governance that Africans have inherited from their past. By carefully selecting contributors, Chabal achieves his goal of weaving an approach that is simultaneously philosophical and historical. Several leading European Africanists are represented. John Dunn makes a plea for a middle path between the intellectual fatalism induced by retrospective analysis of the defects of African regimes and the utopianism of willfully inventing prospects for democracy that do not actually exist.[19] Two chapters are especially informative to political scientists wishing to expand their view of African politics beyond the confines of contemporary state institutions. John Lonsdale brilliantly rehearses African precolonial and colonial history in terms of "cycles of violent political accumulation . . . [and] concessions to accountability."[20] And Donal Cruise O'Brien interprets authority in Islamic religious institutions—whether traditional, reformist, or revolutionary—as conditional upon the master's performance in satisfying the expressed needs of disciples.[21]

The notion of political accountability, curiously neglected in the literature of African politics, thereby becomes an organizing theme for the Chabal volume. A starting point for any discussion of accountability is that power is divisible, and that a political executive is only able to concentrate power legitimately with the forbearance of the ruled. As Chabal notes in his introduction, the right to hold rulers responsible resides not only in formal constitutional devices but is "part of the social fabric of society. . . . *Above all else*, it is embodied, symbolized in the *relation between state and civil society*" (p. 12; emphasis added). In situations where formal institutions of political representation—elections, political parties, legislatures—have been emasculated by executive monopoly, accountability comes to "depend almost entirely on the ability of civil society to curb the hegemony of the state" (p. 12).[22]

In order to assess this argument, we must define our terms precisely. Hegel saw "civil society" as an intermediate stage of social organization between the family and the state that enables the expression and protection of private interests.[23] And Gramsci described civil society as an array

[19] Dunn, "The Politics of Representation and Good Government in Post-Colonial Africa," in Chabal, 158-74.

[20] Lonsdale, "Political Accountability in African History," in Chabal, 126-57.

[21] O'Brien, "Wails and Whispers: The People's Voice in West African Muslim Politics," in Chabal, 71-83.

[22] Or as Jean-Francois Bayart says in the centerpiece of the Chabal volume: "It seems most profitable to explain the continued quest for democracy as a commentary upon the relationship between state and civil society"; "Civil Society in Africa," in Chabal, 109-25, at 111.

[23] The concept of civil society was introduced by Hegel in the *Philosophy of Right* to distin-

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of educational, religious, and associational institutions that guarantee the ideological ascendancy (hegemony) of a ruling class.[24] Note that neither conceived of civil society as a source of opposition to the state: it was either a step on the way to state formation or a handmaiden in the state's project of domination. The classic tracts on political pluralism tend rather to portray civil society as a buffer against the state. De Tocqueville argued that autonomous intermediate associations provide the ultimate guarantee that the state will be unable to arrogate to itself any more power than an active citizenry is willing to grant.[25] In my view, we require a neutral definition of civil society which does not prejudge the nature of state-society relations. Alfred Stepan's definition, derived in the contemporary context of political liberalization and democratization in Latin America, serves well: civil society is an "arena where manifold social movements . . . and civic organizations from all classes . . . attempt to constitute themselves in an ensemble of arrangements so that they can express themselves and advance their interests."[26]

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guish the family—an extended group based on clan or kinship ties—from "a community of producers . . . together with the public services needed to maintain order within it"; John Plamenatz, "The Social and Political Philosophy of Hegel," *Man and Society*, Vol. II (London: Longmans, 1963), 233. In civil society, rights and obligations are executed by written contract and by services for payment. Ultimately, civil society cannot maintain social harmony by methods used in the family, and a new structure of moral authority must be invented: the state. In Hegel's view, state and civil society overlap, for example by sharing administrative, coercive, and judicial institutions, "to the extent that their function is to reconcile personal and private interests, they are organs of civil society; to the extent that they serve to hold together a community whose members value it for what it is, they are organs of the State," *ibid.*, 250.

[24] For Gramsci in *The Prison Notebooks*, the critical distinction is not between the realms of the public and the private, but rather whether political regimes and production systems are maintained by force or consent. He distinguishes "political society," which is comprised of the coercive elements of the superstructure (army, police, courts), from "civil society," which consists of ideological instruments (churches, schools, trade unions). Taken together, political society and civil society comprise Gramsci's broad definition of the state. The state has at its disposal instruments of both domination and hegemony; "individual societies can be analyzed in terms of the balance between, and specific manifestations of, these two types of social control"; Joseph V. Femia, *Gramsci's Political Thought: Hegemony, Consciousness and the Revolutionary Process* (Oxford: Clarendon, 1981), 29.

[25] In *Democracy in America*, de Tocqueville saw voluntary associations as contributing to both political and civil life. An association consists of "the public and formal support of specific doctrines by a certain number of individuals who have undertaken to cooperate in a stated way in order to make these doctrines prevail"; Alexis de Tocqueville, *Democracy in America*, edited by J. P. Mayer and Max Lerner (New York: Harper and Row, 1966), 175. Associations contribute to the development of political society by policy advocacy ("formulating laws which should take the place of present ones," *ibid.*) and to the development of civil society by inculcating democratic values within small-scale organizations ("a civil government . . . [with] a place for individual independence," *ibid.*, 180). On the checking and balancing power of civic associations, de Tocqueville saw "no other dike to hold back tyranny," *ibid.*, 177.

[26] Stepan, *Rethinking Military Politics: Brazil and the Southern Cone* (Princeton, NJ: Princeton University Press, 1988), 3-4. He distinguishes the institutions of civil society (for example, "neighborhood associations, women's groups, religious groupings") from the institutions of "political society" (political parties, elections, legislatures), in which the polity arranges itself

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Intentionally or not, *Political Domination in Africa* portrays civil society in Africa in pluralistic and oppositional terms. Chabal sees civil society as "a vast ensemble of constantly changing groups and individuals [who have] . . . acquired some consciousness of their externality and opposition to the state" ("Introduction," 15).[27] I welcome the assertion that a political space exists beyond the state within which associational life can occur and independent interests can be expressed and combined. And I have no quarrel with a view of civil society as an arena occupied by a fluid and loosely bundled assemblage of interests at various stages of institutionalization; civil society is, by nature, plural.[28] But I take issue with any view that limits associational life to activity that is at odds with the state. Just as we require a framework that enables us to account for citizen engagement as well as disengagement, we need to leave room for engagement between state and society that may be congruent as well as conflictual. And from a practical point of view, we cannot realistically expect fledgling civic associations to shoulder the onerous burden of opposition in a context where state elites are prone to equate opposition with disloyalty and treason. More subtle strategies than direct confrontation are required.

The framework guiding Peter Anyang' Nyong'o's *Popular Struggles for Democracy in Africa* leads to a portrayal of the relationship between state and society in Africa as incorrigibly rough and exploitive.[29] Nyong'o's collection of contemporary African scholarship illustrates the continuing appeal of the thesis of unequal development to the intellectual imagination within the continent. According to the latest version of this thesis, a peripheral state within a world capitalist economy performs principally as an instrument of "adjustment" to the changing demands of global accumulation. The state's weakness in Africa derives from its subordination to stronger external institutions and, while the state has sponsored the formation of a bureaucratic class, it acts fundamentally as a col-

for contestation over state power. Importantly, in authoritarian regimes, "political society is frequently absorbed by dominant groups into the state, but civil society characteristically has at least some spheres of autonomy," *ibid.*, 4.

[27] See also Bayart (fn. 22), 117. In fairness, Bayart is nuanced on this point. In one breath he defines civil society as "society in its relation to the state . . . insofar as it is in *confrontation* with the state" (p. 111, following R. Fossaert, *La société, les états*, Vol. 5 [Paris: Seuil, 1981], 146-47; emphasis added). In the next breath he adds the rider that "the notion of civil society is thus an ambivalent (*and not just conflictive*), complex and dynamic relation between state and society" (*ibid.*, 111; emphasis added).

[28] As Bayart says, civil society "encompasses not only popular modes of political action . . . but also the claims of those socially dominant groups (merchants, businessmen, the clergy) which are no less excluded from direct participation in political power," *ibid.*, 112.

[29] This edited volume is the product of a dozen African scholars who met in 1985 under the auspices of the Regional Perspectives Programme of the United Nations University.

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laborator on a project led by international capital. Internally, state elites seek to monopolize economic activity and prevent the formation of social constellations with an independent base. In Samir Amin's words, "the infatuation [of the political elite] with the public sector is the expression of . . . fear of civil society on the part of a state that is weak."[30]

In the book's most rigorous analysis, Mahmood Mamdani argues that prospects for democracy are dismal as long as unequal production relations persist in the African countryside.[31] Citing Ugandan case materials on the scarcity of land and of agricultural technologies to bring land into production, he disputes Hyden's thesis that African peasants can avoid being drawn into relationships of exploitation. According to Mamdani, the apparent "reciprocity" of traditional exchanges is really a disguise for the transfer of surplus labor from poorer to richer households; and, through "extra-economic coercions"—forced labor, compulsory sales, land enclosures—state elites have often been able to capture the peasantry and engage in primitive accumulation. He concludes that "where direct force is an integral part of production relations, no consistent democracy is possible" (p. 91). Mamdani may well be correct that effective organization within civil society requires an independent economic resource base. But his conclusion leaves us in a cul-de-sac, from which his fellow authors can only extract themselves with ritual incantations to "smash the inherited state machinery" and establish "social relations based on the cooperation of workers."[32]

That Neo-Marxism has yet to elaborate a theory of politics or map a political strategy relevant to African conditions is made all the more poignant by the fact that the Nyong'o volume contains some of the raw materials for doing so. The most original and informative parts of the book supersede the tired question of the class nature of the state to describe popular alliances that have arisen to challenge it. In this regard, Horace Campbell's account of the United Democratic Front (UDF) in South Africa stands out.[33] He shows how state sponsorship of institutionalized racism has "called into being new forms of organizing and the mushrooming of popular groups in all spheres of life of the society" (p. 143).[34] The UDF emerged in 1983 as an umbrella for over six hundred af-

[30] Amin, "Preface: The State and the Question of Development," in Nyong'o, 1-13, at 3.

[31] Mamdani, "Contradictory Class Perspectives on the Question of Democracy: The Case of Uganda," in Nyong'o, 78-95.

[32] Nyong'o, "Introduction," 14-25, at 23-24; Amin (fn. 30), 10; Harry Goulbourne, "The State, Development, and the Need for Participatory Democracy in Africa," in Nyong'o, 26-47, at 46.

[33] Campbell, "Challenging the Apartheid Regime from Below," in Nyong'o, 142-69.

[34] In an appendix, Campbell provides a comprehensive list of the grass-roots organizations which registered for the UDF National Conference in August 1983.

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filiate organizations and two million adherents, with the immediate goal of boycotting the constitutional reform proposals of the Botha regime. It represented a multiclass alliance of workers, poor peasants, rich peasants, traders, students, and professionals, with a known leadership drawn from among the clergy, trade unionists, lawyers, and journalists. Organizationally, the UDF was a loose national federation of membership groups built on principles of mass participation, democratic accountability, and ideological pluralism. The most active components were the civic associations—some with full-time paid organizers—which sponsored work stoppages, consumer boycotts, and school stayaways, ultimately rendering the black urban "townships" ungovernable. The South African authorities retaliated with a state of emergency in 1985 and by banning UDF activities and convicting leaders on treason charges in 1988. While repression has set back the construction of a national popular front in South Africa, the vitality of associational life among urban youth and workers seems certain to be an important factor in the endgame over apartheid.

The South African case may be relevant to sub-Saharan Africa's struggle for independence from authoritarian leadership. With reference to the removal of the Nimeiri regime in Sudan in 1985 and the emergence of a government of national unity in Uganda in 1986, Nyong'o argues in his introduction that "broad-based movements of a popular alliance type . . . can restore democracy to a country run down by dictatorship" (p. 15). By the same token, such fragile oppositional coalitions of weakly organized interests have demonstrated little staying power in Africa. They remain highly vulnerable to repression by the new regime (Liberia under Doe); they are prone to dissipation of revolutionary enthusiasm (Ghana under Rawlings); and they are susceptible to internal ethnic fragmentation (Uganda under Museveni).[35] It is therefore premature to expect civic organizations to mount a credible bid to obtain state power. Rather, the first task—before any talk of alliances or coalitions—is to gain a fuller understanding of the aims and structures of civic associations and their capacity, even when aborted, to express popular interests.

The Diamond, Linz, and Lipset book on *Democracy in Developing Countries: Africa* represents the latest volley in a long-standing debate in American political science about the relationship between democracy and socioeconomic development. Responding to "tremendous democratic ferment" worldwide in the 1980s, the authors wish to investigate "the factors which foster . . . or obstruct . . . the emergence, [renewal] and consol-

[35] Nyong'o, "Popular Alliances and the State in Liberia, 1980-85," in Nyong'o, 209-47; Emmanuel Hansen, "The State and Popular Struggles in Ghana, 1982-86," in Nyong'o, 170-208.

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idation of democratic government" ("Preface," ix, xii).[36] In order to avoid the reductionism of a simple and elegant model, the authors deliberately seek an explanation based upon a wide range of historical, cultural, social, economic, political, and international conditions. This approach necessarily encumbers a study based on twenty-six country cases (of which only six are from Africa) with the methodological problem of "too many variables, too few cases." One possible solution, apart from expanding the number of cases,[37] would be to explore whether certain intercorrelated explanatory variables combine into a smaller set of broader factors (for example: political pluralism, social class formation, international economic dependence). In addition, while the editors define democracy in behavioral terms (the existence of meaningful competition, participation, and liberties), the country case authors too often measure it in structural terms (electoral systems, multiparty organs, and independent legislatures and courts).[38] Under these circumstances it becomes difficult to separate the dependent variable (democracy) from one of the major explanatory variables (political and constitutional structure), and one is left with the circular argument that certain countries are democratic because they have democratic institutions.

Nonetheless, this major cross-national comparative research effort does help to expand and refine middle-range theory. Larry Diamond's summary of the African cases traces the continent's discouraging experience with democracy to familiar "historical and structural handicaps" including colonial authoritarianism, imbalanced ethnic populations, and poorly prepared leadership. But his account becomes most interesting when he describes the characteristics of the relationship between state and society in Africa. Because the state has often been the only available vehicle for the personal accumulation of wealth and the formation of social classes, there is "too much at stake in the competition for power."[39] Brutality, intolerance, and corruption can all be traced to the zero-sum

[36] The Africa volume is one of a series of four publications emanating from the Project on Democracy in Developing Countries sponsored by the Hoover Institution at Stanford University and funded by the National Endowment for Democracy.

[37] Cf. the cross-national analysis of 80 countries in Vol. I of the study.

[38] In extolling the virtues of enduring political competition in Botswana, Gambia, and Mauritius, for example, Diamond equates "liberal democracy" with "multiparty regime" and "free and fair elections"; "Introduction: Roots of Failure, Seeds of Hope," in Diamond et al., 1-32, at 1, 5; see also 18-20. Are these institutions a "condition" for democracy or a "measure" of it?

[39] As Diamond later pithily puts it: "Democracy requires moderation and constraint. It demands not only that people care about political competition, but also that they not care too much. . . . Throughout much of Africa . . . everything of value is at stake in an election, and hence candidates, communities, and parties feel compelled to win at any cost"; "Nigeria: Pluralism, Statism and the Struggle for Democracy," in Diamond et al., 33-91, at 69.

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nature of African politics, in which the winner takes all and the loser is consigned to the political and economic wilderness. Nor has an indigenous productive bourgeoisie emerged to counterbalance the expansion of the state and to lead a movement in support of individual rights. Instead, these historic tasks must be initiated from a different source. In this regard, Diamond reveals in his introduction that a "*rich and vibrant associational life* has developed in many African countries independent of the state" (p. 23; emphasis added). This pluralism in civil society "has become the *cutting edge* of the effort to build a viable democratic order" (p. 26; emphasis added).

The chapters that follow illustrate the diverse means through which Africans have participated, formally and informally, in civic action. In Nigeria, for example, the Nigerian Bar Association publicly opposed the government's use of military tribunals to prosecute corrupt civilian politicians and to ban critical organs in the press.[40] In Senegal, some Islamic brotherhoods and the regional separatist movement in the Casamance have remained aloof from the government's experiment with multiparty competition, and their followers instead "channel their demands through other social institutions ... or through violence."[41] And in Zimbabwe, where a productive agricultural sector has provided a base for the emergence of capitalist classes, white and black farmers have organized to "contradict party socialist policy preferences" and push for policies more to their own liking.[42]

This comparative study also reveals how social structure is related to democracy in Africa. Politically competitive regimes do not automatically succumb simply because they sit astride societies that are rent by serious ethnic cleavages. Indeed, vocal ethnic interests have sometimes been a force for pluralism, pushing political elites to accept constitutional safeguards and arrangements for political representation—such as federalism in Nigeria, ethnic balance in government appointments in Zambia, and minority legislative representation in Zimbabwe. Class is a more powerful explanatory variable. The absence of a true bourgeoisie has blocked the emergence, not only of capitalism in Africa, but also of democracy. Because the nascent middle classes depend on the state for economic survival, they attach an inestimably high premium to capturing and maintaining state power. With no other channels through which to

[40] *Ibid.*, 56, 59.

[41] Christian Coulon, "Senegal: The Development and Fragility of Semidemocracy," in Diamond et al., 141-78, at 159; see also 164-65 on the regional separatist movement and 173-74 on Islam's new role of mobilization and protest.

[42] Masipula Sithole, "Zimbabwe: In Search of a Stable Democracy," in Diamond et al., 217-57, at 244.

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advance their interests when out of power, incumbents are unable to view democratic procedures with any degree of detachment. Their immediate interest is to limit rather than promote opportunities for political competition.

Donald Rothchild and Naomi Chazan's collection, *The Precarious Balance*, may lack overall consistency but it does contain parts of striking theoretical innovation.[43] Victor Azarya's introductory statement sets the tone: "Influence and authority are not the exclusive domain of the state"; instead, "various segments of society manage to maintain patterns of behavior which are at variance with state code."[44] If official authority is marginal to the way that Africans behave politically, "we should pay more attention to how a given society lives beyond the scope of state capabilities in urban as well as rural areas" (p. 19). Azarya proposes a framework to account for the responses of groups in civil society to the policy initiatives of the state. Depending on whether the groups in question perceive an enhancement of the available field of opportunity, they will choose to "incorporate" into or "disengage" from the state. In this model, social incorporation and disengagement are the counterparts of state consolidation and decline when the focus of analysis moves from the state to society (p. 6).

The image of state and society as "precariously balanced" vividly conjures up the fluidity and tenuousness of institutional relationships in an environment where all formal structures are fragile. The authors emphasize that there are spheres of institutional separation and overlap, across and within which Africans survive by "straddling . . . [and constantly moving] between the official and the unofficial, the private and the public, the rural and urban."[45] Naomi Chazan and other contributors present an illuminating account of the dynamics of Africa's "informal," "second," or "parallel" economy and the extent to which it interacts with the state.[46] In some places, popular coping strategies take the form of a withdrawal into subsistence production or local entrepreneurialism, the end result being detachment from the public realm. Elsewhere, state-controlled and unofficial markets are linked, whether by public servants moonlighting at second jobs or by businessmen bribing officials to turn a

[43] The papers were originally presented in July 1985 at an international workshop on "The Reordering of the State in Africa," held at the Harry S. Truman Research Institute for the Advancement of Peace, Hebrew University of Jerusalem.

[44] Azarya (fn. 6), 5, 18.

[45] Donald Rothchild and Naomi Chazan, "Preface," in Rothchild and Chazan, ix-x, at ix.

[46] Chazan, "Patterns of State-Society Incorporation and Disengagement in Africa," in Rothchild and Chazan, 121-48, at 123. See also Rene Lemarchand, "The State, the Parallel Economy, and the Changing Structure of Patronage Systems," in Rothchild and Chazan, 149-70.

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blind eye to smuggling or hoarding. At the same time, the fiscal crisis of the state reduces the capacity of political patrons to maintain a following with public largesse and drives them to become kingpins in the shadowy, prebendal world of *magendo*.[47]

Unfortunately, Chazan's account of the political dimensions of coping strategies is not as informative as her economic analysis, leaving us wondering about the modes of organization that frame informal systems of distribution and exchange. Her coeditor fills part of the gap, at least at the level of national politics. Rothchild and Foley, in inquiring how power elites might augment their capacity to govern, explore the strategy of "inclusive coalitions" involving the state with elites representing powerful class and ethnic interests within society.[48] They show how a "grand coalition" of major interests is most likely to arise where there is relative equality of advantage among competing social groups and where particularistic demands are modest and negotiable. In the resultant "hegemonial exchange regime," the state elite accommodates ethnoregional strongmen both in formal executive positions and through informal access and disbursements. Gradually, however, the social context for coalition building shifts, as interest groups come to combine on the basis of occupational rather than affective ties. Rothchild and Foley end on a hopeful note, foreseeing increased opportunities in Africa for "hybrid systems of interest representation and decision-making, mixing in various proportions functional and nonfunctional interest groups, some open-textured, some more corporately organized" (p. 260).

The viewpoint that "the center of political gravity has shifted"[49] is a useful corrective to the exaggeratedly statist perspective of much of the current literature. Our analyses should restore political agency to nonstate actors and emphasize the need for state elites to legitimize themselves. But I would wish to see Rothchild and Chazan refine and develop their framework further. We can agree on the need to be able to account for mutual exchanges between state and civil society, rather than exclusively of the influence of one over the other. Yet the authors' unfortunate choice of the word "incorporation" to depict an organized societal initiative to cooperate with the state carries with it the overtones of "corpo-

[47] *Magendo* is a Swahili word for black marketeering.

[48] Donald Rothchild and Michael W. Foley, "African States and the Politics of Inclusive Coalitions," in Rothchild and Chazan, 233-64. An earlier Chazan article is more explicit: "The New Politics of Participation in Tropical Africa," *Comparative Politics* 14 (January 1982), 169-89.

[49] Chazan (fn. 9), 337. She adds: "Viewed from above, institutional mechanisms have been undergoing a process of contraction and disaggregation. But from below, social and economic niches have been carved out and are beginning to interact and adhere in new ways," *ibid.*

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ratism," which usually refers to a state strategy to impose structure on interest representation within society. Far better to use a truly comparative and neutral term such as "engagement," which has the added advantage of forming a consistent conceptual variable when paired with "disengagement." The only additional piece of information then required to classify a broad range of political phenomena is the source of the initiative, that is, the state or societal actors.

Herein lie the seeds of an inclusive and parsimonious framework. From this theoretical vantage point, we are well placed to discuss both development planning (state-sponsored engagement) and liberalization reforms (state-sponsored disengagement); both the uncaptured peasantry (society-sponsored disengagement) and civic action (society-sponsored engagement).

Beyond the State: A Research Agenda

The state in Africa may be incompletely formed, weak, and retreating, but it is not going to wither away. There are many basic political and economic functions which must be performed for which the state is uniquely equipped, not least the guardianship of territorial integrity. Because the state has been a vehicle of personal and class advancement, its survival will be vigorously defended by all the elites—party, military, and administrative—that depend for livelihood on the commonweal. And, as reformist leaders divest the African state of obligations in society and economy, they may begin to achieve the consolidation of institutional capacity that proved so elusive when the state was overextended. We can therefore continue to learn much from a statist perspective on African politics. We should continue studying the autonomous effects of state-level politics—such as the cohesion and autonomy of the power elite, the content of ideology and policy, and the capacity of bureaucracies—on social and economic change in Africa.

At the same time, however, many Africanist political scientists now seem to agree that a statist perspective must be tempered by an account of the dynamic influence of society. With few exceptions, African political elites have been unable to engineer a lasting consolidation of power, the reproduction of a governing class, or an improvement of living standards for members of society at large. Despite efforts at inclusionary corporatism and mass depoliticization, "politics" has not become coterminous with "the state." Because of the shallow penetration of society by weak state institutions, there is a relatively larger realm of unoccupied political space in Africa than anywhere else in the world.

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But this terrain has not been adequately explored and mapped. We therefore need to refocus attention on a more pluralistic array of political actions. Associational life occurs in arenas beyond state control and influence—summarized here as "civil society"—and has an independent effect upon economy and society, as well as upon the formation, consolidation, and performance of the state itself. A reconceptualization of state-society relations along these lines is necessary to keep pace with a changing reality on the ground, to discern avenues that might lead out of the current economic crisis, and to appraise the prospects for democracy in Africa.

The resulting research agenda is broad. We should begin by describing civil society itself, the extent and nature of which can be expected to vary from one African country to another. The task will not be easy because associational life on this continent most often manifests itself in informal rather than formal linkages, in affective as well as instrumental forms. The political anthropologist's concerns with traditional leadership, clanship, and patronage are highly relevant at a time when ordinary people are making innovative use of indigenous social institutions to manage the impact of Africa's multiple crises. In authoritarian regimes where opposition is outlawed, civic association will also remain difficult to study because it is forced to occur underground. Elsewhere, the informal moral economy is sprouting a superstructure that is visible to researchers: we surely need studies, for example, on ethnic development associations and old boys' networks that link political and economic elites to their home schools and villages and constitute channels to redistribute private gains into rural community development.

As for other types of formal organization in civil society, political scientists should now attend to the burgeoning sector of nongovernmental voluntary associations that has arisen across Africa to address unmet development needs. The largest and most rapidly growing voluntary associations are the churches—Christian, Islamic, and separatist—whose ministries increasingly address secular as well as spiritual concerns, and which are federated from parish to national and international levels. In addition, the expansion of educational opportunities has created a strategic elite of professionals who, through choice or circumstance, work outside the state structure, maintain international connections, and secure collective representation through professional associations. To this list we should add the employers' associations and producers' unions of the private sector, the latter in some African countries now representing not only industrial workers but market women, taxi drivers, and small farmers. These elements of civil society are expanding as the state contracts

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and are beginning to play a critical political role in key sectors of African economies.

While civic actors will continue to rely heavily on informal access to top state officials to influence public policy, their impact will also depend on skill at building formal organizations. We need more empirical research on factors in success and failure at organizational development in this arena. Certain classic problems are already evident. How can civic organizations define clear and attainable goals? In an institutional vacuum there is a temptation to try to do everything at once without restricting goals according to a realistic assessment of an organization's capacity and comparative advantage. How can intraorganizational conflict be managed? Ethnic heterogeneity in leadership and staffing is as relevant to maintaining legitimacy in civic organizations as in the African state itself. How to reconcile strict management standards with membership participation? Civic organizations that wish to exercise political clout in national arenas must devise complex hierarchical structures while at the same time defining transparent arrangements for accountability to grassroots supporters.

The emergence of an active civil society would also appear to depend on a number of contextual conditions requiring further investigation. As a working hypothesis I would suggest that associational life is likely to be most developed in economies that have undergone the greatest degree of indigenous capitalist industrialization. In these situations, social classes are most likely to have constructed an economic base independent of the state and a set of shared interests that are best defended by autonomous political action. It is not accidental that the greatest number of intermediate activist organizations in Africa today can be observed in urban South Africa; nor is it accidental that there are more voluntary development associations per capita in Kenya and Zimbabwe than in other black African countries. One finds here the deepest penetration of capitalist production and exchange relations and the highest rates of domestic capital accumulation outside of the state. One would also therefore expect the expansion of civil society to be led by, and to accrue to the advantage of, social classes well positioned to exploit economic opportunities in a capitalist economy. These would include the industrial, commercial, and professional middle classes, large peasant farmers, and the unionized "aristocracy" of labor.

Let us now turn to the second, and most important area for future research attention: the *relations* between state elites and actors in civil society. I would propose, with no irony intended, that associational life is most likely to thrive in the presence, not only of a competitive market,

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but also an effective state. It cannot flourish amid political disorder, lawlessness, an inadequate physical infrastructure, or intermittent essential services. Civic organizations depend upon the state for the creation of certain basic conditions of existence. This implies that associational life will not automatically spring up where the state's collapse is beyond the control of the political elite. Rather, civil society is most likely to expand to fill institutional gaps where the retreat of the state is intended, planned, and graduated.

The study of state-society relations also requires that analysts ground the sort of conceptual framework proposed in this article in firm empirical foundations. I have suggested that the engagement and disengagement of political organizations, sponsored by either state or societal actors, is an efficient device for thinking about a wide range of African political phenomena. It allows the analyst to begin to explain political behavior within different policy issue areas and across recent political history with a relatively compact set of concepts. Yet much work remains to be done in making the framework operational for research purposes. How would one recognize engagement or disengagement when one sees it? It seems to me that the highest level of meaningful measurement attainable would be qualitative scales. We might, for example, be able to identify degrees of action from disengagement to engagement, whether initiated from state sources (to ignore, register, monitor, coordinate, coopt, reorganize, or dissolve voluntary associations) or societal sources (to keep a low profile, to fulfill bare legal requirements, to collaborate selectively with government, or to engage in policy advocacy).[50]

A broader implication of this sketch of state-society relations is that interaction need not always be confrontational but, under certain circumstances, may be complementary. Civic organizations can never completely replace the state in all its manifold functions; nor should they attempt to. Instead, they are well placed to exhort and assist political elites to adapt the state's actions to accord more closely with interests expressed by groups in society. I take issue with the view expounded in several of the volumes discussed here that state-society relations are always a zero-sum game in which the holders of state office necessarily weaken themselves if they share power with other organized social interests.[51] There

[50] For a first step in this direction see Michael Bratton, "The Politics of Government-NGO Relations in Africa," *World Development* 17 (April 1989).

[51] Other writers have made the positive-sum case that the interests of state elites can sometimes be enhanced by political mobilization in civil society: for example, see Milton J. Esman and Norman Uphoff, *Local Organizations: Intermediaries in Rural Development* (Ithaca, NY: Cornell University Press, 1984), 40; and Alfred Stepan, "State Power in the Southern Cone of Latin America," in Evans et al. (fn. 2), 418.

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are at least two situations in which positive-sum outcomes are available from which both political elites and ordinary citizens stand to benefit. On the one hand, a civic organization can represent the interests of a social constituency and influence the formation of official policy, thus improving the coincidence between policy and the needs of some segment of society. On the other hand, a civic organization can play an auxiliary role in policy implementation, relieving the state of part of the administrative burden of extending authority and delivering benefits to a large and scattered population. Weak states can sometimes become stronger—meaning more effective at accumulation and distribution, and more legitimate—by permitting a measure of pluralism in associational life.

Let me be clear. This argument that state-society relations can be complementary is not intended to assume away political struggle with a model of structural-functional harmony. Rather I am suggesting that we should treat the degree of conflict or congruence between state and civil objectives as an empirical variable rather than as a theoretical assumption. Conflict is likely to arise when civil actors try to engage the state in political space that state elites have already occupied and intend to hold; congruence is likely when voluntary bodies or social movements occupy space which the state has never penetrated or from which state elites have decided to retreat.[52]

Thus state-society relations depend principally on the fit between the strategies of political organization adopted by the leaders of the state and civil society respectively. To more fully comprehend state-society relations we must ask not only whether the state is authoritarian or permissive but how civic organizations assemble. One would expect, for example, that African political elites, whose prime concern is with the fragmentation of the polity under ethnoregional pressures, would be more accommodating toward organizations whose membership is defined in occupational rather than ethnic terms. Within the former group, one would expect the state to enjoy easier relations with single-issue organizations specializing in a technical policy area (for example, an association of small-scale marketers of coffee) than with multipurpose organizations with a political agenda (an association of journalists, or a human rights advocacy group). Finally, one would expect state elites to find greater affinity with groups representing middle classes (chambers of commerce, commercial farmers' unions) than with people's organizations

[52] Joel Barkan and Frank Holmquist conceive of peasant-style "bargaining," which nicely captures the reciprocity and indeterminacy of two-way state-society relations. They see self-help activities in civil society as "contested terrain that has experienced a changing balance of forces and has produced different outcomes over time"; *World Politics* XLI (April 1989), 359-380, at 362.

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that seek to mobilize the dispossessed (church-based development education groups, left-of-center separatist movements). By testing propositions such as these, we can begin to explain why state-society relations in Africa are not monolithic or static, but fluctuate with changing socioeconomic circumstances. And state-society relations can run a gamut from mutual disengagement on the one hand to direct confrontation (conflictual engagement) or close collaboration (congruent engagement) on the other.

The last item on the research agenda concerns the big questions. Does the growth of civil society contribute to political development? Does it promote democracy? On the surface, people who live beyond the reach of the state in Africa appear to be preoccupied with economic survival and family welfare and have little time or enthusiasm for politics. But survival is increasingly difficult to achieve alone; it requires ties and connections to others, both those like oneself and those with more power than oneself. To the extent that Africans ease their daily hardships by reformulating old reciprocities or creating new organizations for collective action, we can conclude that an endogenous process of political development is under way.

The question of democracy is more vexed. It hinges on whether national political leaders can be installed and deposed by popular will and held accountable while in office. At the moment, this seems *too* big a question for Africa, too remote a prospect. Thus, rather than taking a macroscopic perspective on elite politics, perhaps we should begin at a lower level of analysis by inquiring into local mass politics. Is there internal democracy in the organizations of civil society? Or do these structures mirror and reinforce the personalistic and authoritarian patterns of rule that prevail at the political center? Are the values of participants truly civic in the sense of recognizing the need for moderation and compromise within a broad political community? Or will an increase in institutional pluralism simply be a recipe for intensified particularism? The prospects for democracy in Africa can only be fruitfully pondered after we have gained a sound understanding of the deep politics of African social organizations. The value of the volumes under review is that, taken together, they point us in the right direction for doing so.

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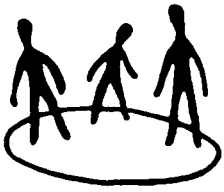

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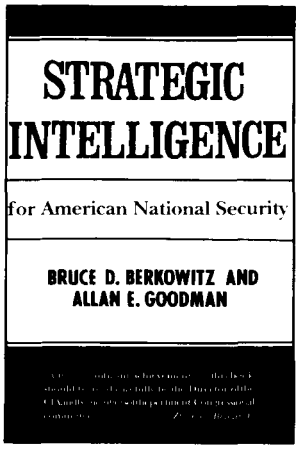

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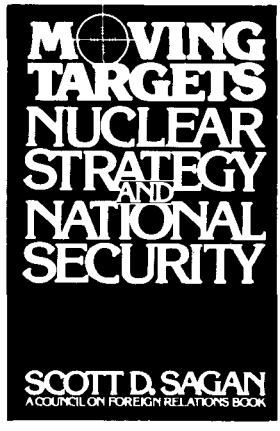

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